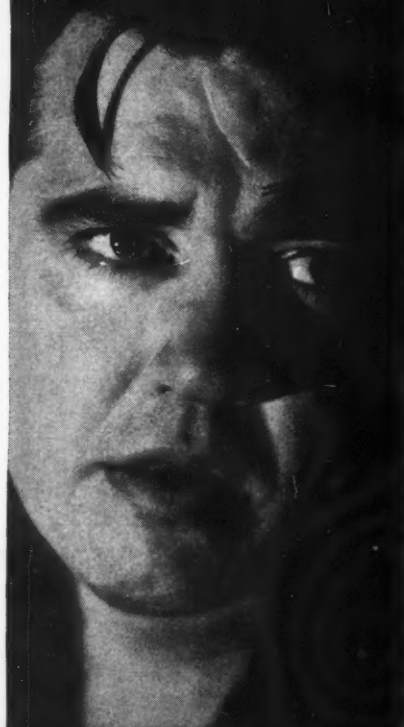


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Volume LXXXVIII

Number Six

REVIEW OF REVIEWS AND WORLD'S WORK*

Edited by **ALBERT SHAW**

The Progress of the World

The Repeal Amendment Is Adopted, 9 . . . When Drunkenness Was Common, 9 . . . Temperance Still Required, 10 . . . High Taxes As an Aid to Self-Control, 11 . . . Liquor Control Now Up to the States, 12 . . . New York City Votes a New Deal, 13 . . . Tammany Goes Down in Defeat, 14 . . . The President Tries Some Experiments, 14 . . . A Continuing Crisis in Agriculture, 15 . . . When Are Salaries "High"? 16.

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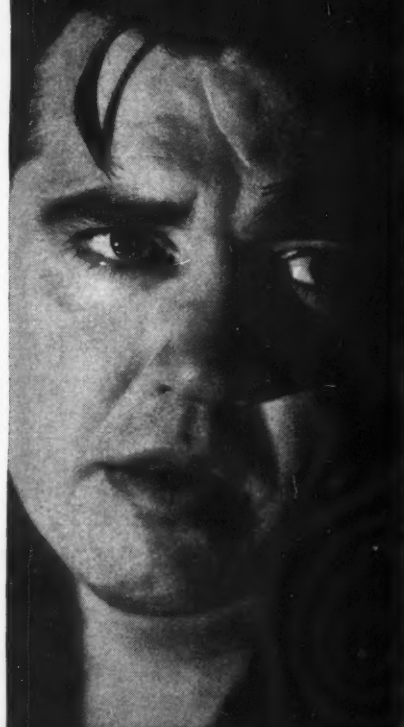
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Current Reading

American Statesman

John Hay, by Tyler Dennett.
Dodd, Mead & Co. 476 pp. \$5.

THE VERSATILE John Hay was secretary to Abraham Lincoln, Ambassador to Great Britain, and Secretary of State under McKinley. He was a biographer who turned out a mammoth ten-volume life of Lincoln, and a poet of sorts. He was an imperialist and a friend of big business in the days when the legend of the White Man's Burden was stirring the colonizing powers of the Old World and the New. Anglophile to a degree, he preached of Anglo-Saxon solidarity and blood-is-thicker-than-water—or at least in that tone. But, according to Mr. Dennett's belief, he "worked" the British for all they were worth—and in this "working" his fair words helped materially in securing territorial and diplomatic concessions. As Secretary of State, Hay inaugurated the Open Door Policy in China, to safeguard American commercial interests in that country at a time when European powers were seeking spheres of influence which constituted potential checks on our exporters.

Mr. Dennett, now professor of international relations at Princeton, has long been attached to the State Department at Washington. He is an acknowledged expert on American foreign relations, and on the Far East. His work on Hay is readable—but also profound, thorough, and a real contribution to American history. This reviewer, a former pupil of Mr. Dennett, knows well the quality and the thorough background on which his book is built. An eloquent epitaph to John Hay is Mr. Dennett's parting shot: "Indolent by nature, John Hay worked hard. . . . A vagrant in life, he bowed before a sense of duty. . . ."

More on Russia

The Great Offensive, by Maurice Hindus. Harrison Smith and Robert Haas. 368 pp. \$3.

"AND SUPPOSING there is a famine in Russia, what will happen?" . . . "The Revolution will go on."
"And Stalin?"

"He may remain, he may go, but the Revolution will go on."

With these opening words, typical of a conversation between an American business man and an expert on Russia, Mr. Hindus opens his book. Unless a war comes and imposes a foreign rule on Russia, the Revolution will go on. Sequel to "Red Bread", "Humanity Uprooted", and "Broken Earth", "The Great Offensive" deals with the new economic order as undertaken by the five-year plans; and with the new human personality as typified by the "emancipated" proletariat of the Soviet Union. Part Three deals with the future of Siberia

and with the course of world revolution, which seems to have "flivvered" badly for a variety of reasons. The Soviet Government has never sought to protect Communists who have been mistreated in foreign countries; and with Nationalist Turkey and Fascist Italy, which have sheltered red baiters extraordinary, Russia is officially on the friendliest of terms. The Third International, thereby, is virtually ignored. As to the future—"If war comes, anything may happen—proletarian dictatorships, fascist dictatorships, monarchical dictatorships, and even the extermination of all Communists and all capitalists."

Says Alice

Crowded Hours, Reminiscences of Alice Roosevelt Longworth. Scribner's. 355 pp. Ill. \$3.

AMERICANS have always had a warm area in their hearts for Princess Alice. Her life has been lived largely in the calcium glare, yet undaunted by it she dared to be herself and thereby she achieved an enduring and unrivaled popularity. Her lively memoirs have the spice of honest opinion, and a sweetness and good temper that disarm any suspicion of malice. She has the knack of removing the stuffings from the "great" and making them understandably, forgivingly human.

The impulsive Colonel, from whom she inherited much, lives again. Seeing him, this time through the worshipping eyes of his daughter Alice, adds many cubits to his stature as a man. There is a delightful frankness in her confession of resentment against usurpers of the office she felt was her father's by divine right. Her evaluations of celebrities will be widely quoted, for instance—"Harding was not a bad man. He was just a slob." But her book deserves popularity not alone for its charm and for her splendid reporting but because it may in some measure disabuse the American mind of its "superman" complex with regard to its politicians. Americans are inclined to sit by and wait for their leaders to perform miracles.

After Repeal

Toward Liquor Control, by Raymond B. Fosdick and Albert L. Scott, foreword by John D. Rockefeller, Jr. Harper. \$2.

A NEW SPIRIT is in the air—a new belief in the power of human intelligence to plan a social order in the interests of a saner and more balanced life. It is this revived faith, this impatience with abuses which have so long seemed inevitable, this willingness to experiment, that constitute the hope of the new era." This closing paragraph by Messrs.

Fosdick and Scott indicates the purpose of their inquiry conducted for Mr. Rockefeller, Jr. The book advances no new ideas but is solely an effort to summarize for legislators and interested students the whole history of liquor legislation, here and abroad, pointing out its successes and the causes of its failures. Their effort is to prevent fresh errors or repetition of old ones in this field already so fruitful of them, when the Eighteenth Amendment is formally repealed in December.

The authors favor a State Alcohol Control Authority which is adaptable to divergent conditions and customs. They assert firmly that no satisfactory solution can be found that does not eliminate private profit from retail liquor sales. Valuable help to the student is included in the appendices wherein all important federal liquor laws are summarized; also tabulation of liquor control methods in the Canadian provinces and in a half dozen European countries. Painsstaking research and altruism of a high order have gone into this volume.

Light from Egypt

The Dawn of Conscience, by James Henry Breasted. Scribner's. 431 pp. Ill. \$3.

IN THE LEISURE that planned economics is to give us, perhaps many minds may turn to matters philosophical. To these minds we fervently recommend Dr. Breasted's scholarly study of the origin of our ethics among the Ancient Egyptians of 5000 years ago. Although man has existed for more than a million years, the discovery of his inner, spiritual values is comparatively recent. The Age of Character dawned in the Nile Valley and came down to us through (not from) the Hebrew race, as Dr. Breasted proves quite adequately. The first stable government, the transition from polytheism to monotheism, the flowering of the concept of justice and righteousness, takes on something of the glamor of the adventures of Odysseus in this thrilling history of the birth of civilization. These Egyptians were for the first time erecting buildings, learning the functions of the brain, the "marrow of the skull", and dispensing impartial justice. They realized that they were pioneering in new worlds of the mind.

Then, as now in America, prophets proclaimed the pressing need as not more mechanization but more character. The historian, the humanist, the student of any age who is seeking knowledge will find Dr. Breasted's book uncommonly worthy of attention. The forces that lead men forward are a vision which looks both forward and backward. This volume offers profound inspiration from a newly recovered past.

The Cavaliers Pass

Charles the First, King of England, by Hilaire Belloc. Lippincott. 376 pp. \$4.

BESIDE his notable biographies of Napoleon, Richelieu, Wolsey, and Cranmer, may now be placed Mr. Belloc's "Charles the First". The reader with a penchant for historical fact should enjoy this vividly recounted story of England's king whose heritage was one of violence and blood, one might say of predestination for the headsman's block. This inglorious period of religious bigotry in English history is important in that Charles I was the last reigning and governing King of England.

There is romantic, undiplomatic Buckingham, worshipped by the weak king who saw in his adviser the strength he lacked himself. But the strength and ambition of Buckingham was no match for Richelieu. There is Henrietta Maria, child queen and Catholic foreigner in a land growing increasingly intolerant of her sect. There is meddling Lady Carlisle, the Queen's confidante and Pym's mistress, cheerfully betraying everyone. The parade moves tragically to its inevitable end.

Modern Ulysses

The Book of Talbot, by Violet Clifton. Harcourt Brace. 439 pp. \$3.50.

ONE OF THE extraordinary qualities of this book is that it gives the reader a sense of discovery. Who had heard of the Talbot Cliftons before this biography appeared? Yet here are revealed two remarkable characters of our time in a prose narrative more nearly resembling an epic poem than the review of a man's life. Talbot Clifton, who died in 1928, was an Englishman, educated at Eton and Cambridge and endowed with inherited wealth. Yet he chose to spend his days adventuring in primitive countries where hardships tried his mettle, and dangers, his courage and manhood. From the frontiers of Alaska and the bleak wastes of Newfoundland to the jungles of South America and Africa he journeyed. With him went his Shakespeare and his journal, and, after marriage, his equally hardy and nature-worshipping wife. The second half of the book, that in which Violet Clifton shared intimately, is richer in beauty of expression and feeling. But the whole is a moving monument of a widow to a rare character.

American Tabloid

The American Procession, assembled by Agnes Rogers with running comment by Frederick Lewis Allen. Harper, \$2.75.

MORE THAN one family party forced to while away a holiday on Grandmother's farm has discovered amusement and interest between the dusty covers of a picture album. Somewhat similar interest is roused by this second adult picture book of the year ("The First World War" was reviewed in August). Only here, instead of the Fauntleroy curls of little Jamie, aged three, or the pompadour of Aunt Annie, we see the aesthetic features of a young mechanic named Henry

Men who "know it all" are not invited to read this page

THIS PAGE is not for the wise young man who is perfectly satisfied with himself and his business equipment.

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We should like to put into the hands of every such man a copy of a little book that contains the seeds of self-confidence. It is called "What a Business Man Must Know Today," and it will be sent without obligation. It contains the Announcement of the Institute's new Course and Service for men who want to become independent in the next five years. Among the contributors to the Course are:

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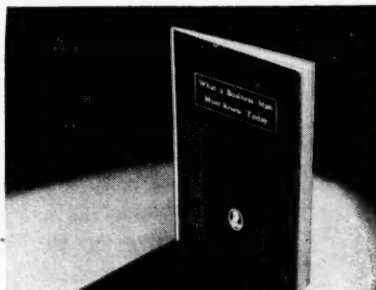


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"Banzai! We have begun!"



Far Eastern Front

by **EDGAR SNOW**

Shanghai Correspondent for the Consolidated Press... Illustrated, \$3.75, at bookstores or from the publishers.

JAPAN toasts victory at the Great Wall of China, while Chinese General Tang Yu-lin, defender of Jehol, murmurs "Ta-hua (which is to say 'eyewash')!" and speeds over the hills on a flea-bitten ass to his fifty million dollars in Tientsin. Thus is China attacked, and thus is China defended. This book is an eyewitness account of the recent epochal events in the East, illuminated throughout with personalities the author has met, from the three musketeers who control Japan's military machine to Tsai Ting-kai, heroic defender of Chapei. "It holds the attention of the reader unremittingly."

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For the Business Man

Financial Handbook. Edited by Robert H. Montgomery. Ronald Press. 1628 pp. \$7.50.

M. R. MONTGOMERY is a leader in the field of financial accounting. In this book he has availed himself also of the services of half a hundred contributing and consulting editors, whose names constitute a "who's who" in finance. A first edition was published eight years ago and some 40,000 copies of it were sold. This second edition is even more ambitious. It deals with all matters concerning corporation organization and procedure (especially financial aspects), with commercial bank relations, investments, insurance, real estate, export and import, foreign exchange, and kindred topics. Both the author and the publisher are skilful through long experience in preparing volumes of this kind.

• • • **THE DOCTOR** who comes to your sick bed stands with feet firmly planted in a great river of scientific knowledge extending far back into dimlit centuries. Behind him crowd the ghosts of thousands who have played important rôles in the development of medicine. Their individual stories, their hopes, queer notions, triumphs, and persecutions, make a most interesting book of brief biography. It is "Behind the Doctor" by Logan Clendening (Knopf. 469 pp. \$3.75).

• • • **INFLATION** has almost superseded the weather as a hitching-post for conversation and since those who discuss it readily admit their mental blind flying there is need for economist Alva Lee's "America Swings to the Left" (Dodd, Mead. \$1.50), which endeavors to reduce the Administration's baffling problems to understandable fundamentals. The book is no hurrah for "brain trust" policies and pours acid on Blue Eagle fallacies as calmly as it applauds other aspects of economic planning.

• • • **"GERMANY — Twilight or New Dawn?"** is an anonymous little book, published by Whittlesey House. Objective in its treatment, it tells the story of the Hitler revolution, analyzes its causes, and treats with its possibilities. It is extraordinarily informative. "Hitler, give us bread—or we will go Red!" is perhaps a fitting keynote (226 pp. \$2). "Communism in Germany", by Adolf Ehrt, deals with the Communist conspiracy on the eve of the Hitler triumph to power. This paper-back, published by the General League of German Anti-Communist Associations, is Nazi propaganda of a sort—illustrated by "plot" photographs and "plot" statistics. Put together with German thoroughness, and written in English, the 179 pages make interesting reading which may or may not be taken seriously. Dr. Ehrt is anti-Communist rather than anti-Semite.

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Our Authors

• • L. J. DICKINSON, United States Senator from Iowa, in this issue points out the dangers in "The Drift in Federal Finance". As Congressman and Senator since 1919 Mr. Dickinson has had ample opportunity to watch the mounting indebtedness of the federal Government. His whole career is related to the state of Iowa. Born in Lucas County, he attended Cornell College, and later set up law practice at Algona. He served two terms as attorney for Kossuth County, was a member of the Republican State Central Committee during the war years, and has represented Iowans in Washington since 1919. As temporary chairman of the Republican National Convention in June, 1932, he delivered the party's keynote speech.

• • CHARLES FRANKLIN THWING, author of "Harvard and Its New President", looks back on years of intimate association with educational institutions and movements. From his home in Maine, he went to Harvard, graduating in 1876. Three years later he completed the course at Andover Theological Seminary and has been the recipient of doctor's degrees from many colleges since that time. After ten years in the ministry, Dr. Thwing was president of Western Reserve University and Adelbert College for more than twenty-five years.

• • BARCLAY ACHESON has been associated with American movements in the Near and Far East for many years. Originally a teacher at the American University, Beirut, Syria, he was successively in charge of the field organization of the China Famine Fund, Director General of Overseas Operations of Near East Relief, Executive Secretary of the same organization and of the Near East Foundation since 1930. As a result of his activities in Greece, the Greek Government honored Dr. Acheson by making him Commander of the Order of the Phoenix in 1930. Dr. Acheson was born and educated in Canada.

• • REGULAR readers of the REVIEW will recognize many old friends among the other contributors. Mr. P. W. WILSON, author of "The World Watches Germany", was a former member of the British Parliament and a London journalist. Since the war he has been living in New York City. . . . ROGER SHAW sends his impressions of Paris from Europe where he has been traveling for the past two months. A graduate of Johns Hopkins University, Mr. Shaw holds a master's degree from Columbia. He is a member of the REVIEW staff specializing in foreign affairs. . . . RAYMOND CLAPPER's contribution from Washington this month brings up the question of high salaries. A native of Kansas and graduate of the University there, Mr. Clapper has been manager of the Washington Bureau of the United Press since 1929. . . . JOSEPH STAGG LAWRENCE each month clarifies for readers the puzzling financial outlook. Mr. Lawrence was one of the few football-playing Phi Beta Kappas of Princeton University. He is author of books and articles on economics.

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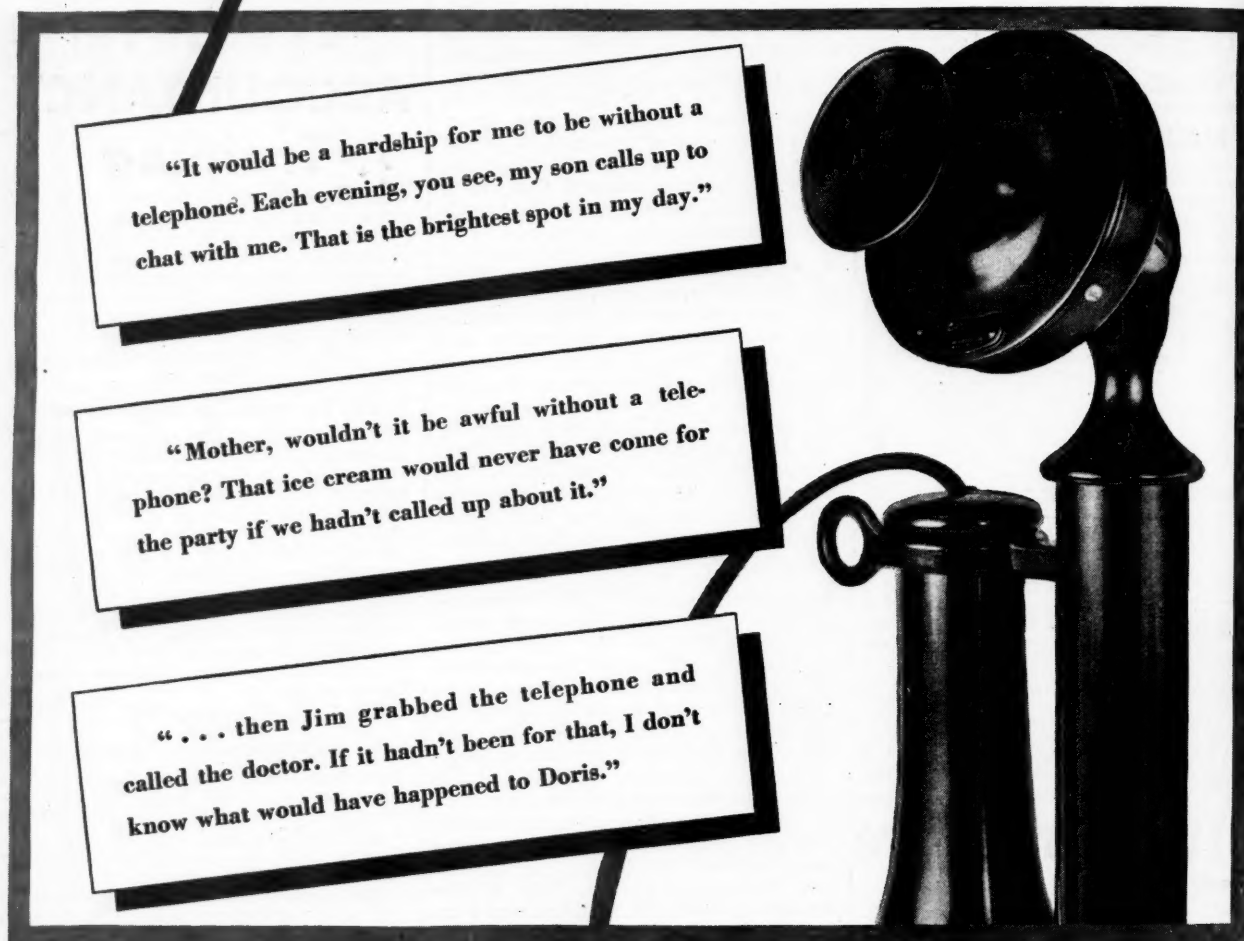
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REVIEW OF REVIEWS

AND

WORLD'S WORK

Vol. LXXXVIII, No. 6

DECEMBER, 1933

The Progress of the World

By ALBERT SHAW

The Repeal Amendment Is Adopted

NATION-WIDE PROHIBITION was brought to an end on November 7. Thirty-three states had taken action previously and each one had ratified the repeal Amendment.

Not one of them had taken this action by a close margin. In many states the vote indicated an overwhelming—indeed an almost unanimous—conviction that the attempt of many years to make the manufacture and sale of alcoholic beverages a crime, to be dealt with by a federal bureau with agents at work alike in cities and country neighborhoods, and with invasion of long-established rights of domicile, had proved to be a monumental failure.

No great people has ever shown a higher spirit of social coöperation than the citizens of the United States in the Twentieth Century. As a supreme test, they accepted the Washington verdict that we must send our sons to a foreign war that did not concern us. Washington's reckless methods brought us to the point of economic ruin, through colossal blundering—the worst in the history of modern times except the blundering of imperial Germany and of imperial England.

Every great war has had reactions, and it happens that ours have been even worse than anybody had foreseen. But also, every great war arouses high emotions that often take fantastic forms. People wish to believe that they are serving God and humanity, and that their opponents are serving the devil and are plotting further wrongs against the innocent of all mankind.

So we tried to garb the ugly war in the vestments of religion and morality. The Young Men's Christian Association was largely expanded at every American camp, at home and in Europe, as an official war institution. Young women of corresponding religious organizations drove the officers hither and thither in automobiles, among other of the spiritual duties of wartime. They, too, went to France to render such sisterly ministrations as an appreciative army could utilize in convalescent camps, where actual trained nurses had not time to read to our homesick sons the books supplied by the American Library Association's wartime service.

This is not written to disparage the quality of those eager and sympathetic activities. We are simply remind-

ing the reader that wars for the time being promote national solidarity; that they bring home to everybody the dreadful issues of life and death; and that among civilized people they arouse intense longings for a new and better guidance of personal and social life, under the inspiration of lofty ideals.

We decided to enter the great war in the spring of 1917. The Eighteenth Amendment was adopted by Congress late in that year, and was sent by Robert Lansing, Secretary of State, to the legislatures of the several states on December 18. It was at length ratified by forty-six of the forty-eight states, the only exceptions being the two small commonwealths of Rhode Island and Connecticut. Public opinion had supported it impressively as the records disclose. Adding up the votes of the members of the state legislatures, it was found that nearly 85 per cent of the State Senators voted for prohibition, while in the lower houses the total affirmative vote was more than 78 per cent.

When Drunkenness Was Common

THE STATES THEMSELVES had been experimenting with methods of liquor control for three-quarters of a century. The original impulse had come from the total-abstinence movement as a religious and social crusade. From the Northern European peoples we had brought the habit of using strong alcoholic drinks. With our harsh climate and violent changes of seasonal temperature, alcoholism had become a national disease. One rarely sees, at the present time, the kind of drunkenness that was common a hundred years ago. Every neighborhood had its confirmed inebriates, and almost every family was directly or at arm's length afflicted by the drink evil in tragic form. Many ministers of the gospel had been heavy drinkers. On the sea-coasts of New England the rum trade with the West Indies brought alike its prosperity and its demoralization. Every farm had its orchard, and during the winter the farmers drank hard cider of high alcoholic content. In the Middle States the distilleries utilized large quantities of corn and rye to make the whisky that was the especial beverage of the Scotch-Irish in Pennsylvania, Ohio, Kentucky, and further to the south and west. Their or-

chards flourished; and in their kitchens and cellars they made applejack, peach brandy, cherry bounce, currant and elderberry wine, "cordials" distilled from blackberry juice, and still more varieties of liquid safeguards against colds, stomach aches, weariness from outdoor toil, malarias, heartbreaks, and mental depression.

Preachers could not hold their conferences or plan for the conversion of the heathen, without a good supply of spirituous liquor to sharpen their theological wits and to heighten their religious fervor. The godlike Webster and most of his less eloquent political contemporaries were saving the country by the aid of strong potations. Campaign rallies and western barbecues consumed whisky by the barrel. Getting drunk was the privilege of a nation of freemen who were pioneering a continent and setting the old world a dazzling example.

If these reminders of the past bring before us some pictures of our earlier American life, it is enough to say that they are not extravagant, and that the truth really beggars description. Heavy drinking also prevailed in England, Scotland, and Ireland, where it went with a kind of sordid poverty that did not prevail at that time in the United States. But for some reason, probably climatic, our American nerve centers became more excitable, and our alcoholic mania seemed more violent and abnormal than in other countries. Certainly it seemed to contradict the best hopes and aims of American life. There were plenty of people whose drinking was in moderation; but alcoholism had become a disease at once acute, chronic, destructive. No remedy could reach it (in that last-century phase) short of the complete rejection of alcohol as a beverage.

The great temperance movement swept America in



By Darling, in the New York Herald Tribune
A 1920 CARTOON: FAREWELL TO JOHN BARLEYCORN

successive waves. There was the Washingtonian Movement, the Good Templars, the crusades of particular apostles like John B. Gough. To their credit the churches reformed completely. Ministers of the gospel became temperance leaders—"temperance" in the Nineteenth Century meaning total abstinence. The Sunday Schools made the children sign the pledge and wear blue ribbons. The movement swept on until it embraced the whole machinery of public education. State after state required the use of textbooks that taught the physiological harmfulness of alcoholic drinks.

Meanwhile, the liquor interests had been expanding and consolidating till they assumed the form and size of "big business". Millions of Germans had come to this country, and with their liking for beer and their business enterprise they had made the brewery industry one of importance and influence. The brewers discovered the pecuniary advantages of acquiring partial or complete control of the retail saloons through which their product was marketed. The distillers studied their own means and methods of increasing the consumption of whisky. Both brewers and distillers found themselves engaged in a deadly war against the temperance movement. They raised immense sums to corrupt political parties, and to break down restrictive laws.

By degrees the temperance movement, which had now passed largely into the hands of the Woman's Christian Temperance Union, turned its attention to the drink evil as a public affair. It had been the cause of crime and disorder as well as of poverty. Since "temperance" had taken the best people away from the saloons, the bar-rooms had become increasingly disreputable. They were the centers of vice and crime, and the local rallying points for corrupt politics.

The Anti-Saloon League arose, with the backing of the W.C.T.U. High license had been tried in many states, and so had local option. Gradually the states began to try complete state-wide prohibition. It worked perfectly nowhere, because it was impossible to keep liquor from flooding across state lines. In the South, the saloons patronized by Negroes had kept back the moral and financial progress of the colored race, and had been dangerous centers of local disorder. The South embraced prohibition state after state, with a view to correcting public evils. The South had never been fanatical about the total-abstinence crusade, but it wished to have at hand the machinery to suppress the public sale of liquor.

It was, however, the emotional stress of the great war that finally broke down all opposition, and gave us prohibition as a nation-wide compulsion. It was not enough for the enthusiasts who proposed to reform the country and the world by law, to confer upon the central government the right to deal with the liquor question on a uniform plan, recognizing the fact that it had become a national problem. Prohibition itself, they insisted, must be put directly into the Constitution.

Temperance Still Is Required

THESE COMMENTS are written immediately after the unofficial but undoubted reports that repeal is an accomplished fact. The people make and unmake the Constitution. They made the Eighteenth Amendment badly, and also they have repealed it badly. It should in 1917 have conferred upon Congress a power to regulate or prohibit which previously had remained in the

hands of the several states. In repealing prohibition, we should now have left a regulatory power vested in the national government. All the members of the Wickersham Commission were of this opinion. When Congress meets in January it will not have to repeal the Volstead Act, because that elaborate statute became null and void when the repeal of the Eighteenth Amendment had left Congress fully stripped of authority to regulate, much less to prohibit, the manufacture and sale of intoxicating beverages.

In the states it will be found that certain earlier laws which had not been repealed will cease to be a dead letter early in December. Anticipating the certainty of repeal at this time, several states had adopted preliminary plans for liquor control. The fact that almost every state was ready to vote against national prohibition does not necessarily imply the universal intention to abandon local and state laws against the making and selling of alcoholic drinks. There is, however, a reasonable presumption in favor of the view that statewide prohibition will not be widely upheld.

What the states will attempt is a question that will not be neglected, because it must by the nature of the case be forced upon the attention of every legislature. Meanwhile, it is worth while to ask how the nation's moral balance-sheet stands. Some of the Drys have assumed a die-hard position. They have taken for granted the superiority of their brand of righteousness. They have acted as if they had been set up as custodians of public virtue.

Let us offer a viewpoint that will be novel to some of our readers. Meanwhile, let it be remembered that we have always upheld the enforcement of the law. We have detested smuggling, bootlegging, speakeasies, and racketeering. These things have not been quite as extensive as many people were asserting, but they had not been overcome. Over against the law-breaking of these types stands the great fact that we have rescued our political life from the shameful domination of the liquor interests that existed up to the time of the election of Woodrow Wilson in 1912. Further than that, we have secured from both parties and from all public leaders the assurance that the old-fashioned saloon is an institution that shall not be brought back.

Our more novel thought, however, is in another direction. We should like the opinion of veteran members of the medical profession before we make unduly sweeping assertions. But we feel justified in expressing the opinion that the temperance movement, which was launched against a widespread malady, has proved itself amazingly successful. Alcoholism of the type that was very common more than fifty years ago, and still more prevalent a hundred years ago, is not now in daily evidence. The writer of these comments sees no drunken people on the streets of New York, but he remembers the time when he saw thousands of them. Also he had seen them in New England, Ohio, the South, and the "Wild West". Of course, there is now excessive drinking (spasmodically) in certain circles; and it is for the doctors to tell us how frequently they deal with cases of delirium tremens. But the oldest of our doctors, knowing the experience of their own fathers and grandfathers in the same profession, would certainly tell us that the type of inebriation so destructive of family and social life a hundred years ago—or even sixty years ago—is a disease that though not wholly extinct is comparatively rare.



By Darling, Des Moines Register

IT SEEMS THAT HE WAS NOT WANTED

Life is made up of alternatives. People are intelligent enough, generally speaking, to prefer health to sickness. Even in the midst of an economic depression, our American life is diverting and attractive. Athletic sports are the deadly enemy of booze and bad physical habits. Our type of industrial life cannot tolerate drunkenness. Machines are expensive, and their handling requires clear-headedness and consistency of control. The railroads have always been temperance agencies, in the nature of the case. But the most universal of temperance arguments lies in the fact that we are using twenty-five or thirty million automobiles on the public roads. The slightest indiscretion may mean fatality; and the number of regular or occasional drivers averages probably two members of each family in the United States. Public school attendance is universal, and education goes with good habits and good customs and social manners. Health administration is improving, and the combined forces and influences of our daily existence are simply irresistible in their warfare against habitual intoxication.

In the earlier days, the temperance movement reached a pitch of fanaticism, such as has accompanied moral crusades throughout the world's history. It was a reaction against a social evil that had to be eliminated. It has done its work in large measure, and wise men will praise it even while fools ridicule it.

High Taxes As an Aid to Self-Control

FROM THIS TIME forward, moral leaders will inculcate the doctrine of self-control. Alcohol is bad enough for men as a regular beverage, and every physician knows that it is still worse for women. Those who prefer not to drink will be wise, especially if they are not self-

righteous about it. The abstemious should never make apologies. There are no social conventions among refined people that require anybody to waive preferences or scruples when alcoholic drinks are offered.

We have come to the time when we should cease to punish the wrong offenders. The Volstead Act was made ridiculous everywhere by the fact that it was a crime for the bootlegger to sell whisky to a customer, while the buyer had committed no offense. Neither in the making, the selling, or the buying, was there any wrong-doing *per se*. The wrong lay in the improper use of beverages that are capable of causing intoxication. The offender is the person who endangers others by indulging in drink to the point of intoxication. If he is a notorious and persistent offender, he should be put under restraint. If he is found driving an automobile while drunk, he should be deprived of his license and otherwise punished.

A large amount of liquor of various kinds will be consumed in the United States. It will be for self-respecting people to make their own decisions as to their use of wine and beer. We shall expect medical science to take the lead in advising us about the use of distilled liquors. We see no occasion to worry about tendencies, because we regard the corrective forces today as greater by far than those that threaten us with a decided change in the direction of a harmful use of alcoholic drinks. It will be decidedly gainful if we can eliminate the surreptitious. The manufacture and sale of beverages should be open, honest, and decent. Let us have no more industries or trades that we legalize but regard as disreputable. If people are to drink beer, let them be no more furtive about it than are the patrons of a soda counter in a drugstore.

Everywhere governments have found it a practical thing to tax beverages as a source of revenue. The United States can do something indirectly to regulate the manufacture and sale of alcoholic drinks by means of the federal laws and the Internal Revenue administration. Not only can it collect a large income, as in former times, from brewers and distillers, but it can also have some influence over the methods of retail trade by a system of classified revenue licenses. If the people of the United States choose to make large use of drinks containing alcohol, the Government might ultimately collect as much as a billion dollars in taxes levied upon the industry as a whole. Meanwhile, the Government could also properly use its existing authority to protect the public against poisonous concoctions. Also it can renew with zest the war against smuggling and illicit manufacture. The legalized liquor industry will come under NRA codes for distillers, brewers, importers and distributors both wholesale and retail.

It is not to be forgotten, moreover, that the makers of French wines, Scotch whiskys, and other foreign beverages have been awaiting the repeal of prohibition and the opening of the American market with greedy anticipations. It is to be hoped that our Government will use its opportunities arising from this situation to obtain better treatment of American exports in foreign markets. England, on the very day of our conclusive repeal vote last month, announced her unwillingness to observe any longer the agreements of the Economic Conference against additional discriminating tariffs. If President Roosevelt lacks the power to meet foreign tariff hostilities aimed at our products, Congress might well put weapons in his hands.

Liquor Control Now Up to the States

WE HAVE DEVOTED space to this subject of prohibition repeal, because it takes first rank among the topics of importance that fall within the month which comes under review in this issue. The convention system of state action upon federal amendments has now been tried, and it has been shown to be both awkward and expensive. But in this one instance it has had some peculiar justification. It compelled the people to vote directly, and with no other issue involved, upon a matter of more than passing interest to everybody. Legislatures in most states are strictly partisan in their nomination and election. Doubtless they would have ratified repeal. But it was well to know, beyond all doubt and question, what the people themselves actually thought. Delegates being elected to the repeal conventions, there was nothing for them to do but to vote "yes" or "no" on the precise form of words that Congress had adopted, and that the Secretary of State had sent to the forty-eight state governments.

When these conventions have acted (the last necessary one on December 5) national prohibition will be legally ended. Announcement to that effect will be made as a formality, but not as a requisite step. In the moral sense, prohibition was dead when both great political conventions, in the summer of 1932, voted unanimously in favor of repeal, while declaring themselves hostile to saloons and in favor of restrictive experiments in the states.

California is preparing (from the past season's crop of grapes) an immense production of wine of different kinds and qualities. The grape crop of New York and other states is also large, and all our home producers are now in battle array against European vineyard products, and are demanding a tariff embargo. The government last month was encouraging the distilleries to enlarge their product of whisky far beyond what they had been making under license for medicinal uses.

Ten states had already adopted new liquor control laws. These are Connecticut, Rhode Island, New York, Delaware, Colorado, Nevada, Montana, Arizona, New Mexico, and California. The nine states of Illinois, Indiana, Louisiana, Maryland, New Jersey, Oregon, Pennsylvania, Washington and Wisconsin were listed by the *New York Times* on November 9 as having no laws interfering with the immediate sale of liquor.

It seems that statewide prohibition would be found in force, by virtue of old statutes, in the following nine states: Iowa, Massachusetts, Michigan, Minnesota, Missouri, Ohio, Utah, Vermont, and Virginia. But in most of these states, legislatures were convening—or had already convened—in special session to take up the problem of liquor control under new conditions. The following states, eleven in number, have prohibition imbedded in their state constitutions: Florida, Idaho, Kansas, Kentucky, Maine, Nebraska, Oklahoma, South Dakota, Texas, West Virginia, Wyoming. A number of these, however, have already arranged for a popular repeal referendum on Election Day next year, that is, November 6, 1934. It may be safely predicted that not many states will long continue the precise forms of liquor control that they had adopted before national prohibition came into effect fourteen years ago.

There is reason to believe that we can keep the question of liquor control out of local, state, and national politics, and deal with it on scientific principles. Within

the memory of people still young, it was customary in certain New England States for local units (so-called town governments) to vote "wet" one year, and "dry" the next. The saloons ran with licenses for twelve months, and then ran with the front door closed and the back door open, without paying license money but with regular subsidies to police and politicians. Local methods varied throughout the country; but corrupt practices were generally prevalent. In New York there were Sunday closing laws and other strict regulations, and these were maintained chiefly in order to allow Tammany Hall and the politicians to graft upon the saloon-keepers. Those who paid for police protection while they violated the regulations encountered no difficulties. It was against this situation that Theodore Roosevelt, as police commissioner for a year or two under the reform administration of Mayor Strong, waged one of the most desperate fights of his career.

New York City Votes A New Deal

WITH PROHIBITION out of the way, New York like the rest of the country must face a period of experiments that will command critical attention. With the authorization by Congress some months ago of beer and wine limited to 3.2 per cent of alcohol, New York State set up a so-called "State Alcoholic Beverage Control Board." Preliminary regulations, to be in effect after December 5, were announced on November 10. The scale of license fees is moderate. Provision was made for sale by hotels and restaurants under safeguards, and also for the retail sale of liquors somewhat on the Canadian dispensary plan. But the State of New York, including the great metropolis, will not be content to treat Chairman Edward P. Mulrooney's licensing system as the permanent order of things. It runs only till April 1.

It is probable enough that a commission composed of men and women of public spirit and good judgment will be appointed to study the question in all its bearings, and to propose arrangements that might commend themselves to other states as worthy of adoption. Since we are not to have uniform national regulation, it will be found desirable for regional groups of states to adopt identical regulations, if they can bring themselves to the point of agreement.

This question of liquor control in New York comes to the front at a moment when the political atmosphere has been wonderfully changed for the better as a result of the municipal election. The contest in New York City grew so intense as the campaign went on that it rivalled the NRA news from Washington as a topic of national interest. It was watched, also, at long range with a good deal of bewilderment by the denizens of the well-governed municipal corporations of Great Britain and of continental Europe. They do not elect mayors in Europe, and they do not surrender their city affairs to the control of politicians who are grafters and racketeers.

Naturally they wonder why the people of the United States, with their high standards of education and their countless evidences of material and social progress, have surrendered their great cities to men of inferior minds and of corrupt conduct in public relations. To find the answer one must look to Europe as well as to America. New York City is perhaps 15 per cent American, and 85 per cent European. We are changing the



FIORELLO H. LA GUARDIA, ELECTED MAYOR OF NEW YORK

Major LaGuardia was born in New York City fifty-one years ago, and educated for the law. He saw service in the war, in the aviation branch, earning promotion from lieutenant to major. He has also served several terms in the House of Representatives, but was not elected to the present Seventy-third Congress.

European majority into Americans with surprising rapidity. They were too poor and inexperienced when they arrived from Eastern Europe to distribute themselves throughout the country. They found work in New York and other great cities. They were ignorant and dependent, and they fell into the clutches of politicians who wished to control their votes. It happened in New York that Tammany Hall was so organized that it could rebuild its fortunes upon an elaborate system for control of the new tenement-house vote. So far as the foreign-born were concerned, the voting precinct and the Assembly district became centers of influence and security. They were helped to find jobs, and in case of need they were given food and fuel.

The corrupt prosperity of this Tammany system, however, had ministered to the ambition of men who did not know enough to stay in their own safe holes. They reached out to debauch the judiciary, for the better safety of criminals and racketeers. Their undisputed control of the local machinery of the Democratic party led them farther afield. Firmly entrenched in their original bailiwick of Manhattan Island, they extended their system through alliances to the other great boroughs (subdivisions) of the enlarged metropolis. They undertook to dominate the State of New York, and for some years past they had been engaged in making combinations with political groups in Chicago and other places, for the admitted purpose of

holding the balance of power in national Democratic conventions.

Some three years ago the state legislature at Albany, with a slight Republican preponderance, had complied with the urgent request of many good citizens to undertake an investigation of the notorious mismanagement of the affairs of New York City. The legislative committee was appointed, and it chose a retired judge—a Democrat, and a citizen of the highest standing—Hon. Samuel Seabury, to serve as its counsel and to direct the entire inquiry.

Judge Seabury selected capable assistants. The exposure of judicial misconduct led to the hasty retirement of several judges, and to a general improvement of the bench. As one municipal department after another was investigated, a climax was reached when the public and private transactions of Tammany's spoiled darling, Mayor James J. Walker, were brought to light—first by Judge Seabury, and later by Governor Roosevelt who had been asked by Mr. Seabury to remove the Mayor for misconduct in office. Mr. Walker resigned hastily under charges, and escaped to Europe.

Tammany Goes Down in Defeat

MR. JOSEPH V. MCKEE, who had served for seven years as President of the Board of Aldermen, and as Mayor Walker's close associate in the small executive body known as the Board of Estimate, became Acting Mayor for the remaining three or four months of 1932. By contrast with Walker, McKee made a favorable impression. The law, however, was construed to mean that there must be an election to cover the remaining year (1933) of Walker's unexpired term. Tammany rejected McKee, and named a man who had served as Probate Judge, or so-called Surrogate, and had long been a routine official unknown to the public at large. Mr. O'Brien was elected in the Democratic sweep that made Roosevelt President and Lehman Governor, in November, 1932.

Financial affairs of the metropolis were drifting dangerously and the city's credit was threatened. O'Brien called in special help, but the budget was under control of influences that could not submit to economy. The Republicans as a party could not have made headway against Tammany but they could ratify the nominees of a non-partisan Fusion movement and make a formidable campaign under the conditions that existed. Judge Seabury took the decisive part in the Fusion movement that chose a former Congressman, Hon. Fiorello H. LaGuardia, for the office of Mayor, and that filled out the ticket with men of excellent standing, most of whom were Democrats in national politics. In the primary elections, the Republican party accepted the Fusion ticket. The situation seemed to be clear for a two-sided fight with a fair chance for the reformers.

Quite unexpectedly the fight became three-cornered. Mr. McKee, who had retired from politics and had refused to appear as a candidate against Tammany, projected himself into the situation with the announcement that he was impelled by duty to lead the citizens of New York against the unspeakably corrupt organization known as Tammany Hall. Mr. McKee lives in the northern part of New York City, where the immense residential borough called The Bronx has become the political principality of an intelligent politician now serving as Secretary of State, Hon. Edward J. Flynn. Mr. McKee had always been regarded as a protégé of

Mr. Flynn. Mr. Farley, now Postmaster General, chairman of the national and state Democratic committees, and political emissary who organized the convention for Franklin Roosevelt's nomination last year, is able always to rely upon the loyalty and assistance of Edward J. Flynn.

Tammany Hall had been sullen about Franklin Roosevelt's ambitions, and had not been warm in support of Governor Lehman. Mr. Farley (an old Tammany hand himself) wanted to see Tammany beaten this year. But, as a case-hardened practical politician, he was afraid that LaGuardia's success would encourage the Republicans and "start something" adverse to the Roosevelt Administration. This, of course, was an entire mistake. The object of the Fusion movement was to get New York City on a business basis, and out of politics. Almost everybody working for LaGuardia's election, including LaGuardia himself, had been heart and soul for National Recovery under President Roosevelt's leadership. The White House rather tardily and coldly disavowed any commitment or interference. But the McKee organization clung to the President's skirts, and would not be shaken off.

Mr. LaGuardia was elected by a plurality of more than a quarter of a million votes. He carried all of the boroughs. Tammany was strong enough within its original domain of Manhattan Island (New York County) to elect the District Attorney and the Borough President; but the Fusion ticket will have nearly all the votes in the Board of Estimate. If promises are fulfilled, we shall see sweeping reforms in the financial management of the metropolis and in the work of the city departments. At Washington when in Congress, LaGuardia at times seemed a stormy petrel. But his honesty was not in question, and he is a man of remarkable energy and courage, and he knows the affairs of the city. We must regard the victory of Mr. LaGuardia as a current achievement of far more than local significance.

The President Tries Some Experiments

PRESIDENT ROOSEVELT is engaged in a prodigious effort to speed up the process of economic recovery. If the government at Washington had reduced its expenditures, balanced its budget, and reformed the bank system, it could have let the business of the country alone, with the reasonable certainty that the people would work their way out of the trough, as they had done after former periods of panic and depression. But the collapse of banks had been too complete for any voice to be lifted against salvation by government relief and control. Public opinion ordained that it should be thus, and not otherwise. If Mr. Roosevelt is a dictator, the job was thrust upon him by all of us. He is not, in point of fact, a dictator; nor have we managed, as some are saying, to survive upon the wreckage of the Constitution. The crisis that drafted our boys for a foreign war, and that found us blindly obedient to the dictatorship of European propagandists, was perhaps shattering the American foundations that lay deeper than the written precepts of the Constitution. Washington and Jefferson would doubtless have thought so.

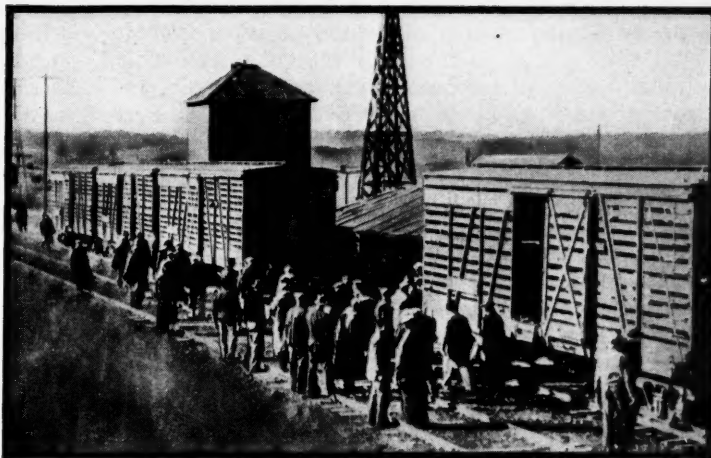
But Franklin Roosevelt, by common consent, has been trying to establish us again with stable equilibrium on our own soil. He has large conceptions that are, in our opinion, conservative in the best sense of the word.

What he aims to bring about is not revolution, whether political or economic. But the details of his working program are experimental. Some of them will not pan out. He has professors and theorists about him, and he has also hard-boiled men of action like Brother Johnson who is, perhaps, too urgent and vociferous, and like Brother Farley, who seems incredibly resourceful and ubiquitous.

The United States Senate and the House of Representatives are not about to become rubber stamps in our system of government. Cromwell dismissed his Parliament in wrath, and sent the members home, to stay for good. Mussolini and Hitler are Dictators, and are reconstructing the law-making bodies on new plans. The present British government exalts the Cabinet, and minimizes partisanship. If there should be continued harmony this winter, in the essential things, between the Roosevelt Administration and the Seventy-third Congress, it will be happy for the country. It will not mean abdication of lawful authority on either side, but only a minimizing of discord and wilfulness. President Roosevelt is naturally anxious to convince Congress that his efforts during the past half-year have not been fruitless.

First of all, when Congress meets just after New Year's Day, Mr. Roosevelt will want to show that unemployment has been reduced in a marked degree. As we explained last month, the financial burden of direct relief will be heavy this winter. Private and public agencies in states and localities are all turning to Washington, because of dwindling resources in their own neighborhoods. There can be no doubt of the broad fact that business has been making gains, with more people at work each month. But it has become necessary to shift the proportions of expenditure as between the earlier public works program and the relief program.

Meanwhile, relief itself is to be put upon an employment basis. It was announced somewhat sensationally on November 9 that there was to be a fundamental change in the relief policy, and that 4,000,000 men who had been receiving \$20 or less per month as a sustenance dole would be put at work and given about \$50 per month. Money was to be transferred to the extent of \$400,000,000 from the great public works fund



BLOCKING the movement of farm freight with ties and logs.

under the direction of Secretary Ickes. A new Civil Works Administration has been created, with Harry L. Hopkins at the head of it. Mr. Hopkins was already in charge of federal relief. His new activities will be closely related to work that is going on in many localities, but it is not expected that these places will be relieved from meeting some share of the cost of desirable improvements.

President Roosevelt is determined to deliver as many families as possible from the humiliation of living "under the auspices of relief organizations." "This means," said Mr. Hopkins, "that investigations will stop, and we need no longer pry into the personal and private lives of these people." It was encouraging to be told that the number of families on relief rolls had dropped from a peak of 4,500,000 in April to the figure of 3,000,000 as stated by the President himself. The families that will remain on the relief rolls will be those in which there is no male adult to be employed by the Civil Works Administration.

There is some comfort in this for Thanksgiving Day, and some cheer for Christmas. If we do not mistake the mood of the American people, it will be a Christmas of unusual thoughtfulness for the less fortunate, especially the children of needy families. Ostentation is greatly out of fashion in the United States, and a new spirit of neighborliness ought to be one of the permanent results of the common misfortunes and difficulties of the entire country.



FARM STRIKERS in Iowa close the road to market.

A Continuing Crisis in Agriculture

ON THE SURFACE of things, the greatest troubles of last month were agitating the corn belt, where scores of thousands of farmers had been organized to enforce an embargo upon the movement of live-stock, grain and other products toward the central markets. Trains and trucks were stopped, and there were violent disputes between picketing farmers and sheriffs' forces.

So formidable was the movement that a group of Governors, including those of Iowa and Minnesota, made a hurried visit to Washington to explain the agricultural crisis in its latest phases to the President himself. Mr. Roosevelt asked the Governors to formulate their precise remedial program, and return

with it the next day. Their plan included price-fixing, with the accompaniment of a kind of supervision in detail that seemed to the President quite impossible, especially after it had been scrutinized, analyzed, and sharply condemned by Secretary Wallace and Mr. Peek (Administrator of Agricultural Adjustment).

That the Government will do everything in its power to improve farm prices and to relieve the conditions that imperil the states that depend chiefly upon agriculture, can admit of no doubt. The difficulty is increased, however, by the continued reliance of these states upon distant markets that are not sufficient to absorb their products. Every state in the Union is agricultural. There are millions of farmers east of Illinois. The eastern output of dairy products is enormous, and the Eastern States must needs do what they can for their own farmers. The West should build up its own consuming markets by more energetic and courageous plans. These farm states should at once invite several million people to come from congested centers and find ways to sell their services in exchange for the superior opportunities of life that could be provided in every county of a state like Iowa. It is all a matter of properly organizing a movement that the federal Government is ready to aid with large funds. Iowa might lay out a scheme for building not less than one hundred thousand new houses. A certain amount of land for gardening and small farming should be made available for each family. With railroad coöperation, a migration should set in that would soon restore the lost balance between urban and rural, or semi-urban, life in the United States. What the government is trying to do for agricultural recovery is stated for our readers in this number in an authoritative article from Washington by Mr. Chester Davis, who occupies the post of Production Control Administrator for the Agricultural Adjustment Administration.

When Are Salaries "High"?

SENATE COMMITTEES have been occupied in one way or another during most of the time since Congress adjourned last summer.

There have been sensational disclosures in the Commerce Committee rooms, where Senators—employing Mr. Pecora of New York as counsel—have been looking into the affairs of New York banks, and into the devious ways of the Stock Exchange. We are publishing an article about some of the anomalous things that have been brought to light. Mr. Clapper, who writes from Washington as an active journalist in close contact with the moving scene, realizes that the country is concerning itself about these surprising performances at the center of "high finance".

Can Congress reform the Stock Exchange? Can it make bankers quit the practice of using inside knowledge to organize stock market pools in the shares of their own banks? Can it regulate business salaries? Washington publicity has disclosed some things that are mortifying to all upright men of affairs. The time has come, says public opinion, when bankers must mind their own banking business, and take an oath to stop playing the stock market. Perhaps it will be discovered that bankers have no business to be trying to run our railroads and our industries. Congress could at least provide that officers of national banks should not be directors in other corporations. This idea will shock some excellent friends, but it ought to be considered.

It is from quite a different direction that criticism has emanated regarding the salaries paid to railroad presidents and the heads of insurance companies. Mr. Eastman, the Government's Coördinator of Railroads, has advised the reduction of presidential incomes; and the suggestion has been adopted. It would be easy to find men who would accept the positions now occupied by the presidents of our principal railroad systems for the price of board, lodging, and a suit of clothes twice a year. Men like Mr. Daniel Willard, General Atterbury, Mr. Paul Shoup, and a number of others who have given long years to the service of their respective systems of transportation, have had small salaries in comparison with their earning power. They have risen to the top by rare ability and proved fidelity. Men of their type are so greatly needed that their retirement from the positions they now hold would occasion profound and widespread regret on the part of all who have any rightful interest in our railroad problems.

The same thing can be said of the heads of our great insurance companies. Almost every family in the country is concerned about the trustworthiness of the men who manage the companies in which they have policies of insurance. The assets of these companies run into the billions of dollars. The heads of such organizations give far more than they receive. Professional men when they reach the climax of their careers—we refer to lawyers, physicians, architects, engineers, industrial scientists, and various others—are frequently in receipt of large incomes. They are entitled to these rewards, and nobody is harmed.

It would be a pity if political demagogues should be allowed to persuade the country that our financial and industrial corporations cannot be trusted to adjust the compensation of those whom they employ, from top to bottom. The well-meant interference by NRA with wage situations all along the line is likely to prove much more harmful to wage-earners themselves in the long run than to those who are called "employers."

As for certain companies, their prosperity stands or falls with public favor, which in turn is closely related to broad policies of advertising. The welfare of stockholders in such companies is dependent almost wholly, in some cases, upon managerial genius. And this often means the efforts of a single man. Sensible stockholders expect that the man who creates the business, and whose continuous efforts are making all the difference between profits and loss, is to have corresponding rewards. They will not grudge him a large salary; and if his creative business talent can produce good results in what for other concerns is a disastrous year, these sensible stockholders will be quite ready to pay him a bonus. This is a question that is not of concern to the general public, but one which lies between the stockholders and the management.

There is much that the Government is now under obligation to attempt and to achieve, for the welfare of the country. For that very reason it should avoid undue meddling with the conduct of business enterprises, great and small. Publicity has become a fact that cannot be avoided; and corporations will have to be managed with frankness as regards their actual and continuous list of shareholders. But bureaucracy at Washington tends to become a scourge; and it should—beyond a certain point—be rebuked and resisted. We still hold our faith, however, in the main efforts of the "New Deal".

★ The Drift in Federal Finance

By L. J. DICKINSON

U. S. SENATOR FROM IOWA

WE HAVE BEEN FIGHTING a debt depression openly since 1929. For seven or eight years prior to that time we were fighting the same depression under cover, unwilling to admit that we had one, and more unwilling to acknowledge that it was caused by debts. Debt is the bad boy of the family. We do not like to discuss him in public. So we gloss over his faults and keep him hidden as long as possible; but when he becomes too obstreperous and gets out of control, we are forced to bring him out for a chastisement.

We have now brought forth our national debt bad boy into the light and are beginning to realize how bad he really is. It has come to us that we are so deeply in debt that its weight overshadows all other considerations. If the truth is told—and it must be—we are no longer a going concern. We could not liquidate now and pay off our debts.

Before the great war, our total internal debts were about 36 billion dollars, divided into sections of our public life, as follows: Farm mortgages, 3 billion; urban mortgages, 5 billion; railroad debts, 11 billion; public utility debts, 3 billion; industrial debts, 4 billion; financial debts, 4 billion; state and local debts, 5 billion; and federal debt, 1 billion dollars.

During the Wilson administration, federal debts were increased from 1 billion dollars to 27 billion, an increase of 2600 per cent. This was cut down to 17 billion by the two succeeding Republican administrations. But since the stock market crash in 1929 we have added the amount of 6 billion dollars to the public debt, which brings it to within 3½ billion of the war-time high.

During and since the war, the internal debt structure reached the staggering sum of 136 billion. The classifications as shown above increased in the following amounts: Farm mortgages, 9 billion; urban mortgages, 28 billion; railroad debts, 14 billion; public utility debts, 11 billion, industrial debts, 10 billion; financial debts, 22 billion; state and local debts, 19 billion; and federal debt, 23 billion dollars.

On top of this, the federal Government has 11 billion dollars in loans scattered around Europe, which probably never will be repaid. The international bankers have another 25 billion dollars in private loans throughout Europe, Asia, and South America. As the record now stands, few of these loans are even paying the interest

charge; and the present condition of the borrowing nations, municipalities, and private concerns is such that the prospect for any repayment is indeed small.

Thus it may be seen that prior to the war we were practically out of debt. The federal Government, for instance, owed only 1 billion dollars, an amount that could have been liquidated at any moment and without burdening any class of society with an unwelcome and unnecessary tax.

Now if the head of a family finds himself involved financially, if he is a wise man, he immediately takes steps to stop all spending and puts forth every effort to pay off his debts and get a new start. That also holds good in the business world. No going business concern ever got out of debt by going deeper into debt. The first principle of good business is to economize, reduce the overhead, save some money and pay off the debt, and get a new start. Government is only a combination of individuals. Good business practices of the individual should likewise apply to Government finances.

OUR national Government is overwhelmed with debt. Instead of putting our financial house in order, we are facing the other way by adding additional billions of debt to the already crushing load.

The Seventy-third Congress, during its 100-day session, authorized bond issues to the extent of 8 billion 405 million dollars, as follows: Refinancing of farm mortgages, 2 billion; refinancing of home mortgages, 2 billion; National Recovery and Public Works Act, 3 billion 300 million; Agricultural Adjustment Act, 355 million; Home Owners Loan Act, 200 million; state relief aid, 500 million; relief of insurance companies, 50 million. Total—8 billion 405 million dollars.

It might be claimed that this tremendous outlay of public money is necessary because of the emergency existing. There is no formula whereby the individual or government can get out of debt by creating additional debts. These bond issues alone will raise the federal internal debt to very nearly 30 billion dollars, the peak of all time, even including the world war period when money was tossed away as though it had no value.

Now it so happens that the revenues of the Government this year, including all new excise taxes, will amount to only about 2 billion 200 million dollars, derived from



By Orr, in the Chicago Tribune ©

THE LURE OF EASY MONEY

the following sources: Income tax, 800 million dollars; internal revenue, 1 billion 100 million dollars; custom revenues, 300 million dollars. Opposite this on the ledger we find that the general running expenses of the Government for the fiscal year, without any emergency expenditures, will amount to approximately 3 billion 300 million dollars. Thus there will be a general deficit of approximately 1 billion dollars in what formerly were the ordinary obligations of the Government.

This does not appeal to the average American home-owner, farmer, laborer, and business man as being the way out of our difficulties. Are we not simply putting off the day when a settlement will have to be made? And when that day comes, with this pyramiding of public debt, will we not face a taxpayers' resistance that may force repudiation of oppressive national debts?

Those who believe that the method of getting out of debt is by adding additional debts set up the argument that the future will take care of itself. We know from sad experience that such is not the case. In honor we must pay our debts if we are to maintain government and society. It has also been argued that many of the debts now being created are self-liquidating, and that many of the loans the Government has made will be repaid. Suppose we take a glance at the record.

The Government has advanced 1 billion 221 million dollars to banks, and only 45 per cent has been repaid; to railroads, 381 million dollars, and 13 per cent has been repaid; for relief to states, 299 million, with 0.15 per cent repaid; insurance companies, 84 million, 19 per cent repaid; farm finance agencies, 207 million, 20 per cent repaid; self-liquidating projects, 38 million, 0.14 per cent repaid; building and loan, 109 million, 26 per cent repaid; mortgage and loan companies, 177 million, 13 per cent repaid; credit unions, 565 thousand, 3 per cent repaid; crop loans to farmers, 120 millions, 1.20 per cent repaid. While this article is being written, additional loans are being made at a tremendous rate, and at the same time the Government is paying out on the emergency demands about six million dollars a day on a rapidly increasing demand which will exceed ten million dollars a day before winter is over.

THERE ARE ONLY certain methods by which the Government can collect money to pay its debts—income tax, internal revenue, excise taxes, and custom revenues. No provision has been set up by the Government outside of borrowing to take care of this emergency outlay of 8½ billion dollars—that may exceed 11 billion—which is being so freely distributed by the Treasury. Everyone knows that debts mean more debts, and more debts mean business stagnation and in the end the destruction of government. The record of history is definitely clear on the subject of debts. Every nation that has gone down into the abyss owes its fall to the destructive load of public and private debts.



By Darling, in the Des Moines Register

YEAH, BUT WHO'S GOING TO PAY FOR IT?

A single case in mind concerning Julius Caesar, as recorded by Suetonius two thousand years ago, reveals a ghastly parallel. Concerning Caesar's debt laws, you read: "As to debts, he disappointed those who looked for their cancellation, which was often agitated, but finally decreed that the debtors should satisfy their creditors according to a valuation of their possessions at the price which they had paid for them before the civil war, deducting from the principal whatever interest had been paid in cash or pledged through bankers, an arrangement which wiped out about a fourth part of their indebtedness". On public works, continues Suetonius: "He formed more projects and more extensive ones every day."

Such is the history of Rome before her fall—debts and unnecessary public works to create more debt. And this is the his-

tory of all nations who deliberately flaunt and crucify economic laws, seeking comfort by the easy road of mortgaging the future lives and happiness of its people by debts and more debts.

A recapitulation of Government obligations under the "new deal," including all the Seventy-third Congress authorizations, shows the following set-up:

Capital structure or loaning power of the R. F. C.	\$ 4,074,741,000
Appropriations for public works and N. R. A.	3,300,000,000
Home loan bonds on which Government guarantees interest at 4 per cent	2,000,000,000
Farm loan bonds on which Government guarantees interest at 4 per cent	2,000,000,000
Government subscription to stock of Federal Deposit Insurance Corporation	150,000,000
Bonds of Tennessee Valley Authority	50,000,000
	<hr/>
	\$11,574,741,000

We must also write down on this side of the ledger an increase above income for the current fiscal year of about a billion dollars in the ordinary running expenses of the Government.

Of course it is anticipated that the processing tax will reimburse part of the outlay authorized by the Reconstruction Finance Corporation. But this does not change the status of the debt nor change the responsibility for the pay-off. The taxpayer here assumes the burden, dressed up as a processing tax. It is also recognized that the Government guarantees only the interest on home and farm refinancing securities. But it is morally certain the investor in these bonds will look to the Government for their redemption if such bonds are ever in doubt.

We must likewise include and consider the interest charge on this vast public debt. During the peak of our debt, directly following the war, the interest charge was in excess of 1 billion annually. In 1929 this was reduced to 600 million. It is (Continued on page 58)

Toward Planned Harvests

By CHESTER C. DAVIS

Director of Production
Agricultural Adjustment Administration

AT THE BEGINNING of the nineteenth century Malthus, an Englishman, wrote an essay predicting that population would press so hard on food supply as to lead to war, pestilence, and famine. He envisioned a world economy of scarcity, with population limited by crops.

This year, a third of the way through the twentieth century, representatives of all the great wheat producing countries of the world met in London and solemnly agreed that for a time they will produce each year less wheat than is consumed, until a vast excess supply of wheat is used up.

The plague of unbalanced abundance which now concerns us is not in its effects very different, nor less threatening, than the plague of scarcity that Malthus foresaw. What has happened, in the 130 years since Malthus prophesied, to compel so striking a reversal of thought and method as the London agreement indicates? Why must the wheat farmers of the world now arrange a diminished production schedule, in order that want, famine, and international ill-will may abate?

The first fact is that in the march of agriculture upon wide new areas of the earth's surface, too much land has been broken and sown. Dr. O. E. Baker of the United States Department of Agriculture has made an extended study of world agricultural expansion, especially in relation to wheat. "Hundreds of ponderous tomes," he says, "have been written about the Industrial Revolution in western Europe and eastern North America, which ushered in our present civilization, and has been considered its basis; but scarcely a volume has described the Agricultural Revolution in eastern Europe and western North America, which transformed the grass lands into grain lands and supplied the food and fibers that made the Industrial Revolution possible."

The march of wheat and other major crops from lands originally forested to the steppes and prairies; and the attendant passage from a pastoral to a commercialized, mechanized, and inter-dependent agriculture, was swift. In the time of Malthus only a very small portion of southern and southeastern Russia had been broken for wheat. The Hungarian plain was still mostly pasture land, with large estates and baronial cattle kings. Our American prairies and dryland plains had yet to be crossed by white men. The pampas of Argentina were an unmapped wilderness; and only a fringe along the Australian coast had been explored.



By Carlisle, In the Des Moines Register
NOW, IF THE HELP WILL CO-OPERATE.

Pretty much the world over, but in America particularly, the march of crops upon flatter, dryer lands was accompanied by a startling development of wheeled material, labor-saving, man-replacing implements. The most elaborate and thoroughly modern of these implements can fairly be called factories on wheels. A sixty-horsepower tractor, pulling twelve plows and seeding equipment, and when the wheat is ripe a combined harvester and thresher, leaves the wheat on the field in sacks. A bushel of wheat so raised takes on the average only about three minutes of human labor. A peasant, or an old-time farmer, sowing by hand,

harvesting with the cradle, requires about three hours.

During the past century (1833-1933) the increase of the white race, and, perhaps, of the population of the world as a whole, has been greater than in all the thousands of years preceding since Adam and Eve were driven out of the Garden of Eden. But production of the basic foods has outrun population. And now, throughout the civilized western world in general, population has taken definitely a downward trend. This is true of northwestern Europe and true of the United States. In 1932 our urban population apparently decreased, for the first time in this country's history.

Dr. Baker estimates that the present birth-rate in our large cities falls 25 per cent. short of maintaining existing population. In our smaller cities there is a 10 per cent. deficit. In villages and roadside settlements the birth-rate is still 30 per cent. above the rate necessary for maintenance of existing population there. On the farms it is about 50 per cent. above the maintenance level. For the country as a whole, however, our farms will have fewer mouths to feed in years to come.

I am trying to sketch broadly the reasons that compel us to restrict agricultural production for the time being, and perhaps forever. First, the world swarm that converted grass land to crop land; then the enormous technological advances accompanying this expansion; now, fewer births, and therefore fewer stomachs to fill.

THERE ARE 52 million square miles of land on the face of this earth. Figuring out mountains, the polar regions, absolute desert, unsuitable soils and so on, we find that 5½ million acres might be sown, for instance, to wheat; and that less than a half-million square miles is actually so sown now throughout the world. North America, Europe, and Asia, alone, each

has at least 1½ million square miles which *might* be sown to wheat.

Fundamental in the situation is the fact that the land resources of the United States exceed those of all Europe, excluding Soviet Russia, and are of a similar magnitude to those of China plus India; whereas the population of the United States is about 125 million, as compared with 350 million in Europe, excluding Russia, and probably 800 million in China and India. And throughout the world the average man can eat only about so much food in the aggregate.

In the years immediately before the war, agriculture in the United States was tending toward a domestic basis of production. The war led to distorted plantings, and raced us onto the markets of the world.

FIFTY MILLION ACRES of Europe, not counting Russia, went out of cultivation. The nations called for food. When this country entered the war, patriotic pressure was added to the lure of soaring prices. A new surge of pioneers built sod shelters on high and dusty drylands and found that wheat sown deep with the drill furrows sidewise to the south wind would generally make a crop. Throughout the country sod was broken. To replace the fifty million lost acres of Europe, America added thirty million acres to its tilled domain, and threw its whole farm plant into high gear.

The war ended with Europe deeply in debt to us; and since we would not, generally speaking, take goods from her, there was no real hope of her paying these debts. We should have seen the handwriting on the wall, and started then and there to retire our wartime emergency acreages of wheat, cotton, and other export crops; but we did not. In order to keep on triumphantly expanding, we loaned Europe still more money to buy our crops and goods.

We kept this up for something more than ten years. When we got tired of throwing good money after bad, Europe quit buying. By that time she was back in stride agriculturally, passionately nationalistic, strongly inclined to "live at home." Farm prices plunged to the lowest levels in American history. Last winter we experienced the hideous dilemma of the largest food surpluses and the longest breadlines anywhere on earth.

I shall not describe here, step by step, our developing efforts to correct this fantastic situation. The barest outline will suffice. In 1927, Dr. W. J. Spillman of the United States Department of Agriculture published a book called "Balancing the Farm Output." In this book he suggested an induced reduction of crop acreages, farm by farm. M. L. Wilson, Dr. John D. Black, and others tried in the years that followed to simplify the Spillman scheme somewhat. It came to be known as the voluntary domestic allotment plan. In essence, it calls for an adjustment payment to cooperating farmers, by the Government, on the domestically consumed part of the crop, and an orderly cooperative adjustment of acreage pro-rata.

The voluntary domestic allotment plan was originally presented to Congress in July, 1932, in the Hope-Norbeck bill. The bill failed of hearing, but evoked wide interest within our borders and without. Shortly after that, Governor Roosevelt, in his campaign speech at Topeka, committed himself to the principle of bringing about a better balance between supply and demand of exportable agricultural commodities, and indicated special interest in this allotment plan.

The Farm Act, passed by the Congress on May 10, last, gave the Secretary of Agriculture and an Adjustment Administrator, representing the President, broad permissive powers to induce active agricultural planning among the farmers themselves. The Agricultural Adjustment Administration was set up in the Department of Agriculture. George N. Peek of Illinois, who throughout the twelve years of American agriculture's post-war depression, had fought for better farm prices, and a better balance between rural and urban spending power, was named Chief Administrator. The attack of the Agricultural Adjustment Administration upon surplus plantings of wheat, corn, cotton, and tobacco is essentially the domestic allotment plan fortified by provision for a variety of other necessary adjustments. The Act provides for an adjustment of debts, and authorizes an adjusted dollar if need be. It allows auxiliary maneuvers to clear surpluses from the top of the pile, as well as from direct attack from underneath in the soundest manner possible—not planting them. Our recent relief purchases of butter, the induced export of northwestern wheat, and present efforts to feed other surpluses direct to the unemployed, are examples of auxiliary maneuvers.

Devices of this nature are of dubious value if employed alone. The operation, if successful, raises prices temporarily. The raised price induces a greater sowing. The great sowing wrecks the price. But if under your entire structure of farm prices you put a solid basis of controlled sowing, and planned national harvests, then stabilization and induced exports, within the limits of well-defined world agreements, become not only defensible but promising means of meeting temporary emergencies. In the future we shall probably employ stabilization and induced shipments to level off regional and national crop excesses and deficiencies, due to the weather, from year to year.

In this article I wish to speak principally of our foundation effort: a voluntary, cooperative control of volume output, organized from the ground up, and conducted principally by the farmers themselves. But the fact that this coöperation is induced by processing taxes, which redistribute buying power to people at the grass roots, long deprived; and the fact that we are attacking not only disorganized food production, but disorganized distribution should at least be mentioned.

AGRICULTURE FIRST FELT the present depression in 1920. With agriculture prostrate at the end of 1932, and with the cities sharing in the depression, at last, many distribution margins remained as wide as in 1929. Between 1929 and 1933 city incomes fell one-third; farm income, already low, fell two-thirds; but distribution spreads stayed wide. It is informing to note that of the fifteen leading corporations in point of earnings in 1932 nine dealt in food or tobacco.

Industry and the distribution trades in general, like agriculture in general, are overextended, sprawling, struggling more or less helplessly amid insane duplications of effort and blind, destructive competition. Unlike agriculture, industry and the distributing trades have been putting too little money into prices for raw materials and into wages. Wealth has become overcentralized, too narrowly circulated. Business has stacked up too much of a pile in excess plant, dividends, and interest payments. The New Deal proposes, for the sake of all, that money be put forth more freely in

farm prices and city wages, to breed again. The great effort is to start money moving from the bottom up, and to reorganize both production and distribution so as to avoid recurring economic paralysis which, under laissez-faire, has been the price of progress.

In the field of agricultural distribution we have chosen at first to move rather slowly, feeling our way. The Act gives us mandate to seek first more orderly distribution, by marketing agreements voluntarily entered into by the trades. If voluntary agreements do not suffice, we can issue revokable licenses. By voluntary agreement we have obtained from the leading tobacco companies a farm price on flue-cured tobacco 40 per cent. above the figure that was being paid them when the Governors of certain southern states were closing markets last summer. Milk, which provides about a quarter of all American farm income, presents production and distribution problems that have given us much concern. The situation is enormously complicated, and varies widely by regions. Only recently have we succeeded in getting marketing agreements that give the farmer more money without running up the price to the consumer. We shall proceed in that direction, using the power to license wherever necessary; but we shall never put the milk business on a satisfactory basis until we introduce decisive measures of production control.

PRODUCTION ADJUSTMENT efforts so far have been directed against the crops of which, in consequence of closing European markets, we have towering export surpluses. We have had to work fast, taking these crops as they came along. Time so forced our hand on cotton that we had to take it out as it ripened. I hope we shall never again have to destroy part of a standing crop, but the urgency was so great in the South this year that our emergency campaign there was justified. Another year of 5-cent cotton would stifle the whole program of national recovery. We are lending 10 cents a pound on cotton now.

We took out 10½ million acres of ripening cotton, a quarter of the 1933 crop, and seeded 110 million dollars in new spending power in the cotton South. It was rough work, but the crisis in the South has eased. The plows of those cotton farmers struck at the roots of their trouble and turned those roots to the sky. Now we are launching a program to plant not the usual 40 million acres but only 25 million for 1934 harvest.

This year's wheat campaign was more thoroughly organized. There was time. With world accord, we have signed about four-fifths of America's commercial wheat acreage for a three-year acreage adjustment, with a 15 per cent. pro-rata reduction in 1934. In 1450 counties more than a half million wheat growers have formed county wheat production control associations to administer this huge coöperative undertaking from the ground up. We shall displace 8 million acres from American wheat lands in 1934, and distribute around 100 million dollars in adjustment payments.

Because of the intricate interrelation of corn and hog prices, the 350 million dollar adjustment program that we now are launching in the Corn Belt is beset with peculiar difficulties. The rough stab that we were forced to take at the problem last summer, with an induced slaughter of little pigs and sows, was a stopgap at best. The present plan attacks the base of the difficulty by the sounder means of agrarian birth control. We are striving now for permanent effect. Somewhere

between 10 and 15 million acres now planted to corn are surplus acres. We shall seek to reduce corn planting about one-fifth and hog farrowing about one-quarter in the next three years.

Let me say at this point that all our plans are elastic. If an unforeseen world condition should require us to increase rather than to decrease agricultural output, our newly mobilized production control machinery could immediately be turned the other way, with a premium put upon expanding, not upon restricting acreage.

FIFTEEN MILLION ACRES less cotton next year, 8 million acres taken out of wheat, 10 million or more acres no longer given over to surplus cornland: these figures begin to mount up. Add minor displacements of tobacco and rice acreage already agreed upon, the figure exceeds 33 million acres, more than the entire cultivated area of Japan proper, taken out of key crops—and turned to other uses.

To what other uses? That is a pressing question nowadays, not only here in Washington, but on every farm in the land. You cannot move one piece on the vast agricultural checkerboard without altering in the end the entire design. One move compels another.

The land taken out of cotton, wheat, corn, and tobacco is being fallowed and rested, or sown, speaking generally, to non-competitive soil-building crops. That generally means grass. The dairymen are inclined to resist the tendency (mistakenly, I believe; as dairy cows are preëminently efficient in transforming grass into proteins); but the tendency of our present programs seems increasingly back in the direction we came from far too hastily: back to grass.

There are many reasons for this. The land needs a rest. The people who have overworked it need rest also. Women and children of the farm family especially have been driven often far too hard without reward. Grassland culture is less laborious, and life upon grasslands is pleasanter than life in a skinned, high-pressure farming area as a rule. Land in grass does not wash away. But the most immediate and pressing cause of retreat from high-pressure farming toward a more pastoral, yet modern, economy is this: It takes three or four times as much land to feed a cow on grass as it does to grow grain and feed high-pressure feed mixtures. Livestock on grass, with supplemental rations, will not produce as much of meat or milk as livestock pressed into high production by grain feeding. But we have too much milk and meat as it is; and food produced on a grassland economy over wider areas is much more cheaply produced.

The open country is not only a place to grow things; it is a place to live; and much land pleasant to live upon is unfit to farm. As we put our lands in order from the standpoint of economical production we shall gradually accomplish also a reordering of all America as a place to live. Not only crops will move; people will move; and we shall see, I think, a widespread intermingling of those ways of life we now think of separately as rural and urban. The decentralization experiments now being conducted by M. L. Wilson look in that direction. The workers will be sustained by decentralized industries and live in the open country in homes of their own.

It is not my purpose here to consider the remote probabilities to which we stand committed, having embarked upon changed and (Continued on page 52)



HITLER, Hitlerites, and
(right) Herr Goebbels,
Nazi propaganda chief.

The World

NOT FOR THE FIRST time, the world is today watching Germany. Even the United States cannot be a wholly indifferent spectator. Struggling over her New Deal, she may have little thought for Europe and still less inclination to participate again in European quarrels. But millions of her citizens regard Germany as their Fatherland of origin. The trade between the two countries has been and, under normal circumstances, would be an important factor in their mutual prosperity. In any event, the crisis is shaking that confidence in the prospect of peace which is essential to the recovery of commerce and the stability of civilization itself.

To denounce Germany as an evil-doer and to scold her people as if they were naughty children, may relieve the emotions. But a position of perilous uncertainty has still to be faced. Edmund Burke knew what he was talking about when he laid it down that it is futile to indict a nation.

Germany should be studied, not as a friend to be flattered, not as a foe to be fought, but as a phenomenon to be understood. The question is not whether she is right or wrong. The question is why she continues to be irreconcilable. The outbursts of Nazidom—as various as they are violent—fall within one comprehensive diagnosis.

An epidemic has swept over continental Europe. It is a wave of nationalism. On the weakened tissues of Germany's body politic, the germs of this fever have taken strong hold. She is delirious. What elsewhere was nationalism is ultra-nationalism among the Nazis.

England and France, Spain, Italy, and the Balkans lay within the Roman Empire. Their most turbulent tribes were taught the meaning of a super-sovereignty imposing international order. Germany was never conquered by Rome as a secular power, and she was the first of the medieval countries to break away from Rome as a spiritual authority. In Germany, the tribal instinct is untamed.

At the Oxford Union Debating Society, undergraduates, voted a resolution against fighting for King and Country. The youth movement in the United States—for instance, Columbia University—is no less pacifist. But in Germany a new generation is impregnated, like the old generation, with the belief that war is an inevitability. At mammoth parades, storm troopers reduce the march of progress to a preposterous strut that appears so absurd to the rest of mankind as to be described as the goose-step.

The disunion of Germany into numerous principalities expresses that instinct. It is as tribal chieftains that kings and dukes—as in India and, until modern times, in Scotland also—reigned in their own right over principalities like Saxony or Baden. The revolution in Germany swept away her petty monarchs, and in a land of vacant thrones Hitler has been able to achieve an obliteration of state rights—as they would be called here—far beyond any unification attempted by Bismarck. The Nazi salute, the Swastika as a symbol, and *Heil Hitler* as the password of patriotism, are easily to be recognized as the ceremonial of a single clan, mobilized by its chief for combative service.



Watches Germany

By P. W. WILSON

GOERING (left), Nazi leader; storm troopers (center), and (right) Chancellor Hitler.

By the Treaty of Versailles, the map of Europe was redrawn. But with an important reservation. In the Covenant of the League of Nations, which is a part of the Treaty, there is a clause which provides for a revision of the map by negotiation, and there arose a difference in Europe over this possibility. France and her Allies stood stoutly for the status quo. Italy, Germany, Hungary, and Bulgaria, with support from Great Britain, held—as does Senator Borah—that an amendment of the map would be advisable.

An absolute condition of treaty revision is, however, that it should be by acquiescence of the powers chiefly interested. That condition was emphasized in the Kellogg-Briand Pact of Peace by which all nations, Germany among them, are pledged against war as an instrument of policy. When it was seen that Germany might decide to take the law into her own hands, the balance of power suddenly changed to her disadvantage; and at this moment the whole of Europe, including Great Britain and even Russia, is mobilized by treaties—many of them recently negotiated—or by a sense of common interest against Germany as a disturbing element in a world too long disturbed. In this sense of the term, so freely used at Berlin, Germany is far more firmly “encircled” than before the war.

The encirclement is held to be defensive only. There is no suggestion that the encircling powers wish to invade Germany. The Pact of Locarno is bilateral. It is not merely a guarantee by Great Britain and Italy that Germany shall not be allowed to violate the French frontier. It is a corresponding guarantee that France

shall not be allowed to violate the German frontier. Like the British pledge to Belgium, it works both ways. Moreover, other nations have been financing the recovery of Germany. More money has poured into the Fatherland than Germany has paid as reparations.

It is the impulses of Germany—however human they may be—that are held to be essentially aggressive. Nobody can defend the Danzig Corridor, cutting off East Prussia from the rest of Germany, as an ideal arrangement for securing an access to the sea for Poland. But an endeavor to modify the corridor by Nazi penetration was deeply deplored, and a strong message from President Roosevelt compelled Germany to consider grave eventualities.

In the years following the Armistice, many Austrians, regarding their country as a head without a body, were in favor of a closer economic union with Germany, and throughout the English-speaking world there was regret over the French veto on that policy. But it was with Germany as a Republic that Austria was willing to be a comrade. Against Nazidom, Austria closes her frontiers and not without reason. She has been treated to a dose of the attempted penetration that was applied to Danzig. Switzerland also fears that she may be a second Belgium; and Belgium, imitating France, is fortifying her frontiers.

“A fellow feeling makes us wondrous kind,” and as a dictator, Hitler hoped for support from Mussolini. He has been disappointed. The last thing that Italy desires is a Germany pushing her way through Austria to the Adriatic, and Austria is today within the Italian

sphere of influence. The idea of German expansion toward the southeast—Berlin to Bagdad—is again made impossible. The Nazis, talking about a big navy and conducting propaganda in the former German colony of Tanganyika, have been told plainly at Rome that Italy intends to remain friendly with Great Britain.

Within herself, Germany finds consolation in what is tantamount to a declaration of martial law, enforced on her own citizens by the will of the majority, nor should it be forgotten by her critics that, years before the Nazis seized the reins of office, Germany presented in outspoken terms what is still her case.

"Dictating to me your terms of peace"—so she addresses the Powers, victorious in 1918—"you compelled me to confess a sole guilt for the war. I signed on the dotted line. You assured me that your quarrel was not with the German people but with the German Kaiser, and I drove the Kaiser into exile.

"You seized my colonies. You took my fleet. You broke up the sovereignties of my allies, Austria-Hungary and the Ottoman Empire. You debited me with reparations which admittedly could never be paid. You demobilized my army, abolished my conscription, and shattered what you called my military machine. Nor did I offer resistance.

"But in doing all this, you gave me a pledge. It was an explicit pledge, announced by you in advance of the treaty and written into the treaty as signed and ratified. That pledge was simple, and repeatedly I have called upon you to fulfil it. For ten years you have refused to keep your word. Having disarmed me, you decline to disarm yourselves."

It is a complaint supported by David Lloyd George, a survivor of the Big Four at Paris. The German claim is for equality as a great Power among other Powers. Either her neighbors must reduce their armaments to her level or she will increase her armaments to their level. In this vehement insistence on her right as a nation to make and use all armaments made and used by other nations, Germany is not merely seeking security. She is asserting prestige. Like the Kaiser before the war, she places armaments among the essential scepters to be wielded by a complete sovereignty.

Of this revived militarism there is abundant evidence. To anybody who glances at headlines it is obvious. The Reich gives the agreed two years' notice of withdrawal from the League of Nations. Her seat at the Disarmament Conference is vacated. It is on themselves alone that the people wish to depend.

ABOUT THE German preparations for the next war, there is the compelling fascination of the unknown. But the belief is now universal that the nation is again consciously awaiting *Der Tag*. We hear of equipment and artillery and aircraft manufactured in parts, only awaiting the signal to be "assembled" into powerful units. Nor is this all. In the dim background sit the chemists in their laboratories—the most accomplished chemists in the scientific world when it comes to applying research, whether to peaceful industry or to the production of poison gases. It is true that chemical warfare is prohibited by diplomatic agreements. But all such safeguards, so it is assumed by the experts, are now to be treated as scraps of paper.

In his three successful wars against Denmark, Austria-Hungary, and France, Bismarck was more than careful to avoid undue risks. He always arranged it in

advance that his enemy would be isolated, and especially did he make it his business to be on good terms with Russia. The Kaiser forgot these precautions. With France and Russia against him, he had to fight on two flanks. Nazidom challenges the armies, navies, and aircraft of the whole civilized world, all at once. Even in a mad world, this is madness incredible, and Berlin is nervous over her new liabilities.

For alluding as an eyewitness to these occult mysteries, a British correspondent, Noel Panter, was arrested on a charge of treason and saved from trial only by the intervention of the British Government. After imprisonment, he was expelled from the country. Within Germany herself, as in Russia, the press has been organized as a mouthpiece of the Government alone. Even the great publishing firm of Ullstein, with its newspapers, magazines, and books, has been put under the direct control of Dr. Paul Joseph Goebbels, Minister of Propaganda and Popular Enlightenment. German newspapers, describing Nazi demonstrations, are warned against saying too much about rifles and bayonets, glinting as of yore, and field guns firing salvos.

On the one hand, this means that the world outside Germany, so far as the Nazis can enforce their will, shall learn only what the Nazis want to have told, and especially is this to apply to military preparations—the very activities on which it is the aim of the League of Nations to direct the wholesome light of publicity. On the other hand, the German people are kept in the dark as to what is really said and thought by other nations. Nazi policy thus drives a wedge into the mutual understanding of one nation by another, on which depends the tranquil conduct of affairs. A German who dares to look across frontiers is silenced, interned, or exiled. It is the announced plan to control directly all writers, journalists, artists, scientists, and other intellectuals.

People do not know when they are well off. Before the war, Germany yearned for territory and meditated over expansion. She was wholly ungrateful to her gods for the deserved and abounding prosperity which she was enjoying at home, for the commercial and cultural influence which was increasing abroad. No country had so good a reason as she to discourage militarism.

Today she is paying the penalty that every country has to pay which makes war on credit. Her currency and all the wealth that is measured in terms of currency collapsed. Not only was her aristocracy impoverished. Her middle class was driven into penury. It is this disillusioned bourgeoisie that, in economic desperation, has turned Nazi and now looks to Adolf Hitler as savior of the country.

In war of all kinds it is usual to find an enemy to fight. The Nazis have been crushing those minorities which they are pleased to regard as enemies within their gates. It is thus not her neighbors alone that Germany is defying. She is waging war on ideas; and in these days of powerful public opinion ideas are important. They enter into diplomacy.

Many people will approve of resistance to Communists, however constitutional may be their methods of procedure. But it is a very different matter when, on the plea of saving the state from Communism, a Republic is destroyed, a Third Reich is set up in its place, and the franchise of a people entitled to freedom is reduced to a farce. Nor is it possible to dismiss entirely the strange circumstances attending the incendiarism perpetrated in the building of (*Continued on page 59*)

Paris Today

A City of Extreme Prejudices and Disarming Good Manners

By ROGER SHAW

PARIS, JUST NOW, is comparatively quiet. Resident and visiting Americans are greatly reduced in number, due to the currency inflation; and South Americans, who generally play so important a part in the life of the metropolis, are not in evidence because of gold embargoes at home. None the less, there are Scotch Highlanders in kilts, Arab sheiks in burnouses, and cranks in the costume of ancient Greece. They excite no comment as they parade the boulevards.

German liberals and German Jews are everywhere, and they are well received on the whole. The individual German is not unpopular along the Seine, but collective Germany is hated and feared as a malignant force of limitless power. Though the Reich is but one-third larger in population, Frenchmen seem to feel as the mouse before the mountain. Nevertheless, the French mouse has teeth of an exceeding sharpness—as evidenced by white, tan, and black soldiers who make up what is today the world's finest armed force.

German liberal papers, banned in the Reich, are for sale on many news-stands. They are published in Paris, or Prague, or Zurich. *Die Weltbuehne*, to which the writer has contributed in the past, now appears in the two latter cities. Organ of the Jewish intellectuals, it formerly emanated from Charlottenburg, Berlin.

All Frenchmen appear to be disgusted with their government, yet favor it as dividing them least. Liberalism and democracy, of course, tolerate all elements and please none—a happy compromise indeed. Fascism and Communism are remote here, where every peasant is a hard-shelled capitalist who delights in vocal dissent. Individualism, rugged and French, is rampant—from taxi-driver to demi-mondaine. One dresses, acts, speaks as one pleases; yet patriotism is ultra-fervent, by way of paradox.

The Folies Bergères is half English in personnel, for the islanders are more amenable to discipline and chorus training, they say. The scenery is tawdry and the effects do not compare to those of New York or Greater Berlin. Nor do the Folies corner the market in sinfulness and vulgarity. They are harmless enough, unless one understands intimately the Parisian *argot* of the lower jokes. The audience, believe it or not, is almost entirely French. In the lobby, for six francs, one can see the North African *danse du ventre*—a super-shimmy or rumba of devious respectability. It is a popular attraction indeed!

A more aesthetic spectacle is the floor show at the Bal Tabarin. Here the girls are more attractive, the dancing more graceful, the staging in better taste. The crowd is evidently rural French—butter-and-egg men from Lille or Nimes or Rouen. Colored girls dance with the provincials in perfect propriety, to the horror of the American intruder. There was even a large family party of blacks. Guests throw cotton balls and confetti at one another, and champagne is compulsory—and costly. But there are other aspects to Paris.

French satisfaction over the World War is boundless, as evidenced by street names, pictures, monuments, sentiment. Joan of Arc has overcome the hideous Teuton ogre as David felled the giant Goliath. A score of contributing Allies appear to be quite forgotten. Woodrow Wilson is strongly disliked, as the "savior" of the Boche. "We should have totally destroyed Germany by breaking her into small pieces," declared a French friend. "Did the Allies dismember Napoleonic France in 1815?" I asked. "Oh, that was quite different!" Another comment: "We did Germany a real favor by taking all her colonies. Yet you think the Versailles Treaty drastic? What a radical you are!" All with a most friendly and pleasant smile.

The automobile show is in full swing as this is written, and motor cars are on display not only in the great hall but also along the sidewalks of the Champs Elysees in reserved parking spaces. Here are the products of England, Germany, Italy, Belgium, America, and other industrial countries, as well as of France. American influence is evident in most models, even the German cars—ever distinctive—showing a transatlantic trend. Paris is a really motorized city, though bicycle racing is the

French national sport. Horse racing at Longchamps appears as the property of the wealthy, the fashionable, and the visitors. It is, somehow, un-French. So is the country club, although there are now a number in the outskirts of the lively capital.

Paris produces a strange blend of racial types. The writer has mistaken Spaniards for Swedes (actually), and French for English. He has bungled French and Italians, and has himself been taken for English and for Norwegian. All women here, somehow, are Parisian—even if in residence for but a week. The one reliably French type looks Jewish!

Yet above all else, Hitlerism looms up in the French



From *Le Petit Bleu* (Paris)

FRANCE HEARS TOO MUCH

imagination. France has the mightiest of armies, air fleets, fortifications. She has a splendid navy, loyal allies, strong colonies. She has gold and internal cohesion. Her treatment of post-war Germany was based on fear, and as a result she has conjured up a movement she now fears more. History probably will show that her *just* fears are unfounded. Revision of the Versailles Treaty is, of course, another matter which need not menace France unless France wishes it to do so. The German Reich is today an introvert. When it extraverts, it will be east and not west.

THE writer, interviewed by a *Paris Herald* reporter, expressed the modest opinion that Germany is less aggressive than is generally supposed by the French. Three local experts, quite unknown to him, called at his hotel to convert him from so unorthodox a view. After some hours of intensive discussion—in which the whole field of history was covered by leaps and bounds—the locals failed in their objective. “You have been duped,” said one. “Prussian treachery knows no limits. How many poets, painters, musicians, sculptors have come from east of the Elbe?” Your correspondent could think only of Hindenburg and Emil Jannings and possibly the Katzenjammer kids. These nominees were indignantly rejected, so victory evidently lay with the locals. Thus do international know-it-alls exchange the secrets of deepest diplomacy.

German withdrawal from the League of Nations and from the Disarmament Conference has caused the wildest speculation amongst the French people and the local foreign colonists. A favorite thesis is that Hitler will ferry his storm troopers over the Alps through Switzerland, for an attack on Lyons and its adjoining industrial area. Of course Hannibal got his elephants over the snowy peaks in antiquity, so why not the superhuman Adolf? England would defend Belgium (as in 1914) because of its strategic seaports; but who cares about Switzerland? The Parisians are perhaps gratified that it is only radical Lyons that is threatened—but this thesis of invasion seems very real and is on many tongues.

The writer first heard of German secession from the League in a small knickknack shop on the Boulevard Montmartre. The proprietor, a kindly old gentleman, showed an afternoon paper with glaring headlines. Feverishly he asked whether the news meant *war*. Told that the Germans were not ultra-vindictive, he became calmer and cheerier, declaring that he hoped not to live to see another conflict. He lacked all rancor and his attitude is doubtless reflected in most of the French.

On the other hand, many Frenchmen would not be averse to a punitive war “to prevent war”—while the Reich is still weak. This, they declare, will not take

place while a Right government is out of power and a Left one in office. The French Left stands for moderation and tolerance. The Right-minded are so afraid of war that, paradoxically, they favor war—or at least some do. Italy remains a question mark, certain Parisians believing Mussolini to be in Hitler’s pocket, while others deem him “safe”. The more querulous believe that Il Duce will participate in the alleged excursion to Lyons, via Switzerland to avoid the French fortifications. Many local Swiss also believe this.

The English press, especially that of the Conservatives, is regretful of the German League action; but, as this is set down, they are not unsympathetic, stressing the German grievances since 1919 and even condemning their own pacifists for being anti-German. Many Tories, of course, have no love for the League; hence they cannot condemn any power which deserts it, as Japan and Germany have done. But England, as a whole, is evidently annoyed by the row without pointing any finger of marked accusation. The situation here is open to considerable fluctuations before this article appears in print. Any immediate violence, however, is out of the question, barring imponderables.

There is no talk of hostilities at the fashionable dress-making house of Molyneux, where internationally famous mannequins parade in every sort of finery and borrowed feathers. Ladies—mainly American—throng the establishment with an eager devotion to the great goddess Fashion. Unaccustomed to such a holy of holies, the writhing American male squirms in a corner before multiple batteries of suspicious feminine eyes. The showgirls are French, English, German, Italian—chic but far from beautiful. They do not appear over-enthusiastic as they parade, turn, and make their exits. Yet here is a great—probably the greatest—Parisian industry, wherein the French genius best displays itself. A furry Santa Claus cap proves to be the writer’s favorite garment, combined with some sort of woolly elbow gloves which speak of polar expeditions. However, restraining himself, he escapes unscathed into the outer and less fashionable darkness.

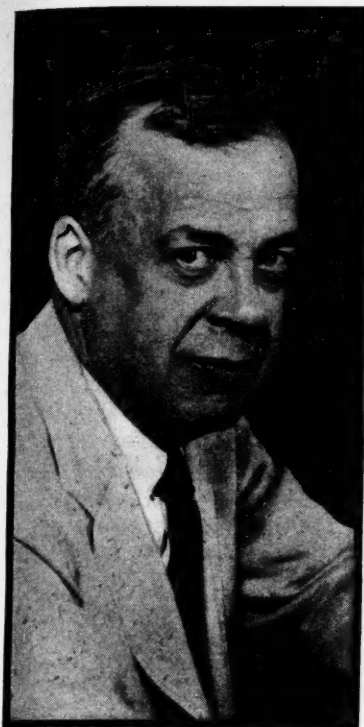
This, after a limited inspection, is Paris today. Here is innate charm, natural good taste in all things, lack of interest in the world at large. Extreme prejudice is combined with a disarming display of good manners. For beauty the city still holds the palm, while its more talented citizens excel along many lines. When Frenchmen hate, and hate they do, even their detestation is characterized by a lightly cynical touch. “Hitler,” said one, “is a dirty camel. But then I have always rather enjoyed the zoo.” He beamed a pleasant smile, lighted an ill-smelling cigarette of local origin, and shrugged his shoulders. His attitude seemed typical. So this is Paris!



From *Aux Ecoutes* (Paris)

EUROPE LIVES IN FEAR OF HITLER

While other “statesmen” retreat in fright, French Foreign Minister Paul Boncour, urged by Prime Minister MacDonald, attempts to charm the Nazi serpent. Adolf is amusingly depicted as a Cobra with swastika spots. Will he hear the sweet music?

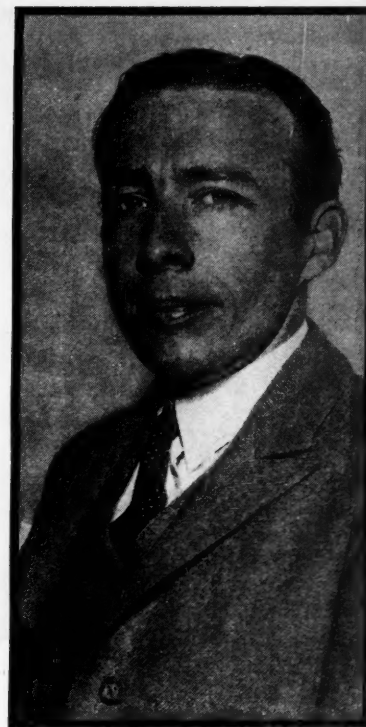


"YES," says Joseph B. Eastman, Federal Coördinator of Railroads.

UNCLE SAM started something when he suggested lower salaries for the presidents of corporations which were borrowing money from him. And he may have more to say.

Shall We Limit a Man's Salary?

By RAYMOND CLAPPER



"YES," says A. A. Berle, Jr., "Brain Trust" adviser on banking legislation.

HEAUV, HEAVY HANGS over the heads of America's biggest corporation executives. Until recently the salary of the boss was his own private business. Now it is everybody's business. Washington is on the trail of fancy pay collected by top company officials. Publicity is the chief weapon which has been invoked. If that does not prove sufficient to induce reductions, stronger medicine may be prescribed. President Roosevelt is concerned and Congress is preparing to go into the subject early in the new year.

In the boom days earnings of higher executives were a matter of indifference. Enough was left over out of the lush profits to make everyone else happy. It was taken for granted that with large earnings also went large salaries and bonuses. In these pinching times it is different. Washington, which is lending to keep many corporations alive, is inclined to complain when this money goes out partly to pay \$100,000 salaries. Stockholders, receiving their quarterly deficit reports, also are more critical. Mr. Roosevelt forecast the temper of today in his speech before the Commonwealth Club of San Francisco, on September 23, 1932, when he said that responsible heads of finance and industry "must, where necessary, sacrifice this or that private advantage; in reciprocal self-denial must seek a general advantage."

For itself the New Deal administration elected to work under a decree of self-inflicted publicity in what General Hugh S. Johnson called a goldfish bowl. Washington has been swept by a cult of political nudism. Similarly private industry is being compelled to stand

up before the audience in its birthday suit. J. P. Morgan was made to lay bare the family secrets of the proud old house at Broad and Wall Streets. He was even obliged to dandle a midget on his knee while the public studied his reactions.

At the request of the Senate, the Federal Trade Commission asked 2,000 leading corporations for data on salaries paid chief executives. Similar figures are being collected by the Commission in its utilities inquiry, and bankers' salaries are being ascertained through the Federal Reserve Board. The Reconstruction Finance Corporation is applying a curb directly on some corporation heads to whom loans are made. Joseph B. Eastman, Railroad Coördinator, has put a \$60,000 salary limit on railroad presidents, in the form of a "voluntary suggestion" which all of them found it advisable to adopt. Senator Hugo Black, foe of ship subsidies, attempted to apply a limit to compensation of ship owners enjoying Government ocean mail contracts and construction loans. President Roosevelt and Attorney General Cummings have discussed possible legislation to check excessive remuneration. At the White House some movie salaries were denounced as unconscionable. Senators are describing excessive salaries as "robbery of stockholders."

Through Senate investigations, stockholders' controversies, government questionnaires, and from miscellaneous sources, almost every line of economic activity has been sampled and many top salaries in insurance, banking, railroads, movies, and manufacturing are known. The result has made disquieting reading at a



SENATOR HUGO BLACK of Alabama, chairman of the special Senate committee investigating ocean mail contracts and ship subsidies, and a foe of high salaries, submitting to a barrage of questions by reporters.

time when 10, 20, and 30 per cent pay cuts have been general among lower-paid employees who were lucky enough to hold their jobs.

When the emergency transportation bill was pending in Congress last June, a schedule of the salaries of railroad presidents in 1929 and in 1932 was placed in the *Congressional Record*. It showed that some of the larger railroads which were not making expenses, and which were going to Washington for help in the form of R.F.C. loans, were paying their presidents salaries greater than that of the President of the United States. It showed that a number of rail chiefs had taken reductions of 10 per cent or so and were still able to live in a modest way on \$90,000 or more a year. These salaries ran as high as \$150,000, with \$100,000 a favorite figure.

Last July Mr. Eastman, as Federal Coördinator of Transportation, called railroad executives together and suggested they hold their own salaries within the limit of \$60,000 a year.

"During the boom period," he said, "many railroad salaries were advanced to an extent which was not necessary or justified in my opinion. The effect was to engender public distrust and to lower the prestige of the positions. They were given a money-grabbing aspect which impaired their proper recognition as quasi-public positions of dignity, eminence, and service. What was done was characteristic of the times, and the railroads were neither the only nor the chief offenders. Some public utilities and insurance companies are known to have gone further than the railroads, to say nothing of certain industrial companies.

"When the depression came, this situation was of course greatly accentuated, and the payment of such salaries at a time when dividends were very generally being suspended, when employees were being laid off in large numbers, when many railroads were borrowing money from the Government to escape insolvency, and when some were going into receiverships, produced a very unfavorable reaction throughout the country. Salaries which had been unnecessary at any season became positively wasteful."

Eastman, though personally favoring a \$50,000 maximum for heads of the largest roads, suggested it would be desirable if they voluntarily placed a ceiling of \$60,000 on their pay checks.

In 1932, salaries of Class I railroads averaged \$30,000 a year. The scaling down of the larger ones through suggestion from Washington revealed the power of the federal Government in this field, even without resorting to legal compulsion.

Among big league bread-winners, officials of some life insurance companies rank high. Some enjoyed salary increases even in the midst of the depression. Subsequent criticism pulled a number part way down again. In 1932 the salaries of five life insurance presidents equaled or exceeded \$100,000, with one of them double that amount.

Large salaries in the motion-picture industry became an issue during NRA code negotiations. A clause was inserted in the proposed code providing penalties for payment of sums "unreasonably in excess of the fair value of personal services". General Johnson questioned the legality of this provision. Naturally the actors opposed it. It was during discussion of this matter that President Roosevelt became interested in the problem of fancy salaries for box-office idols.

BECAUSE OF THE controversy over continuation of the ocean-mail subsidy, disclosures of the Black senatorial committee are expected to start a Congressional debate this winter. Senator Black favors a legislative restriction of salaries drawn by ship operators who enjoy government mail subsidies. He believes Congress has the right to fix the conditions under which such subsidies shall be paid, and that recipients should be forbidden to squander such funds in excessive salaries to themselves. Senator Black some time ago proposed a resolution fixing a \$15,000 maximum salary in such cases and he is expected to renew it in the coming session. His investigating committee has unearthed evidence of large fees to lawyers, one for \$100,000 being paid by a subsidized ship-owner for legal services in blocking the sale of Government ships to a rival line. Another ship operator reported salary and benefits from 1920 to 1932 of \$2,900,000 out of his activities.

Probably the cases which have caused most discussion in Washington are those revealed in the Senate stock-market investigating committee. There was the \$3,000,000 which Charles E. Mitchell drew from National City over a three-year period. When Ferdinand Pecora hauled Albert H. Wiggin before the committee and went through his pockets, he found things that shocked the new head of Chase (*Continued on page 52*)

What Is Wrong with Retailing?

YOU PAY for what you get—charge account, delivery, return privilege. But if you know what these special services cost will you continue to demand them?

BIRMINGHAM, ALABAMA, in 1920, gave the first deflecting pin-prick to the prosperity bubble of that era. A group of men organized an overall parade—a simple, homely gesture of objection to the rising prices of men's clothing. That little parade had national reverberations. Within a few months prices were tumbling headlong. That nightmare of the retailer—a buyer's strike—had begun.

There have been no overall parades in 1933. But there are definite indications that men and women throughout the country are doing more than merely voicing objections to rising prices. Mrs. Jones of Walla Walla, Washington, Mrs. Jones of Washington Square, New York City, and hundreds of thousands of other Mrs. Jones in every part of the nation—aided and abetted by Mr. Jones—are again tightening their grips on their purses. Women are shopping from store to store with the same intent concentration on prices that has characterized so much of the buying of the last several years.

In August there was almost a buying spree. But in September women actually bought less merchandise in the stores of the country than they did during the same month last year. October made an equally poor showing, the department stores in New York selling 15 per cent less merchandise than in October, 1932. All this, mind you, despite patriotic pleadings to "buy now" and the huge propaganda of NRA.

It would not be correct to lay the blame for this situation exclusively at the doorstep of the retailer. As a matter of fact, the retailer in most cases has not increased his prices in proportion to those prevailing in the markets where he, in turn, buys. But the retailer must bear the lion's share of the onus.

When the inevitable Mrs. Jones walks into a local department store she is surrounded by a multitude of services. She may open a charge account—which means bookkeeping and other expenses to the store. She may have her purchase delivered, even though she has bought nothing more than a toothbrush and despite the fact that it will cost the store 22 cents to make the delivery. And not only may she have her purchase delivered, but she may have it shipped C. O. D., which also involves a variety of expenses to the store. If it is an item of wearing apparel, she may have the garment altered to an extent that almost amounts to remodeling—all without charge in many stores. She may return anything she buys for almost any reason, and usually for no reason. She may obtain the services of a shopper in the store, or an interior decorator, or other semi-professional service.

Mrs. Jones has come to expect these services, in so

By NATHAN M. OHRBACH

President, Ohrbach's—New York and Newark

far as most of the department stores she patronizes are concerned. Some of them she originally demanded. Others were devised by the stores themselves as a competitive advantage. Today Mrs. Jones looks upon them as her birthright.

But what Mrs. Jones is either unable or unwilling to understand is that directly or indirectly she must pay for each and every one of these services. The chain stores in the food field have succeeded, in a measure, in acquainting Mrs. Jones with the high cost of service. But the department stores have not had much success for the simple reason that they have not tried. And they have not tried for two reasons:

First, the department stores have been singularly unable to get together and agree on a unified course of action. Inasmuch as one store has been fearful that another would gain an advantage if it continued a service which the other dropped, the majority have fallen deeper and deeper into the mire of super-service.

Second, the stores have been fearful of what might happen if Mrs. Jones should ever discover what these "free" services really cost her. For it is a fact that there is no such thing as a "free" service—not if it is a service that most stores offer. The first store that started a charge-account system may have built up additional business, as a result of the novelty of the service, which more than compensated for the extra expense involved. But when most stores offered this service, it became a fixed item of expense.

BYOND DISPUTE this reckless race to outdo one another in gratuitous service has been a material factor in placing retailing in its present dilemma. The cost of running the average department store is so back-breaking that with the additional expenses involved under NRA there is plenty of justification for inquiring: "What is wrong with retailing?"

Mrs. Jones simply knows that merchandise costs more than she is able to pay. She is not one whit interested in the fact that very few department stores have earned a profit during the last three years. But perhaps she might view matters in a different light if she knew that beautiful buildings in expensive locations, unlimited varieties of merchandise, service without end, and general prodigality in store operation take their toll out of her pocketbook.

Statistics are deadly. And to the uninitiate, statistics descriptive of department store operation are doubly deadly, inasmuch as they are difficult to comprehend. But since the family budget is so vitally affected, I feel that a simplified explanation of what is wrong with retailing will be of keen interest to men and women in all walks of life.

A survey made among hundreds of department stores, taking in large stores and small stores, brings to light this rather amazing fact: the average cost of

selling is 38 per cent. Expressed differently, this means that if Mrs. Jones buys at her local department store for \$1.38 an item for which that store paid \$1, the store is not profiteering. Far from it. The store is merely breaking even! That 38 cents difference between the price the store paid for the item and the price Mrs. Jones pays represents the cost to the store of all its expenses of doing business.

It seems incredible and yet it is true. But what is of even more concern to Mrs. Jones is that the store must tack more than 38 cents onto the price of certain items for which it pays \$1, because there are other items on which it is unable to get this "mark up," as it is called. Thus there are items bought at \$1 which the store must sell at \$1.50, because other items for which it pays \$1 cannot be sold for more than \$1.25. In other words, the store must *average* 38 cents more, on each \$1 rung up on the cash register, than it paid for the merchandise, if it is to avoid a loss at the end of the year. Also, some items cost more to sell than others.

Let me put this before Mrs. Jones in another way. Mrs. Jones buys several hats each year. If she knew that her last hat, for which she paid \$5, cost the store no more than \$3.50, she would probably feel that she had been overcharged. Yet the store very likely made no profit on the sale for the reason that millinery departments in department stores have what is known as a "total overhead" of 45 per cent. Translated, this simply means that Mrs. Jones must pay 45 cents for every dollar she spends on millinery purely to compensate the store for the expense involved in selling her that hat.

Again, picture Mrs. Jones about to buy a dress in a department store. What would she say if she knew that every dollar she places on the counter in payment for the garment is bringing her only 60 cents worth of merchandise, because it costs the store approximately 40 per cent in expense to sell her the dress? And what would she say if she knew that almost 9 cents of every dollar she spends in buying a dress is the cost to her of the advertising the store did to induce her to buy the garment?

THESE ARE NOT hypothetical figures. They are statistics collected by the Controllers' Congress of the National Dry Goods Association, composed of a large number of department stores and specialty stores located throughout the country. In other words, these are statistics compiled by the stores for the stores. And bear in mind that they apply to the year 1932. In 1933 the costs of doing business have been higher, and with NRA they have mounted still farther.

I should like to quote some significant statements from this report, called "1932 Departmental Merchandising and Operating Results for Department Stores and Specialty Stores": "Generally speaking, the profitable department was the exception rather than the rule. . . . Aside from the corset-and-brassiere department and the hosiery department there was no other which was generally profitable in 1932."

"In spite of store principals and executives marshalling every bit of resourcefulness at their command to break down the barrier to successful operation raised by the fixed charges necessary to the conduct of a store, there is some reason to believe that not a great deal was actually accomplished in this respect."

I wonder whether these two statements, viewed in the light of the statistics previously quoted, do not give us a clue as to what may be wrong with retailing. We have already noted that the average department store has an overhead expense of 38 per cent—perhaps 40 per cent today. We now find that practically all department stores lost money last year, despite the fact that for every dollar paid by women in department stores for merchandise approximately 33 cents actually went to the store to cover selling costs. As a matter of fact, they lost the difference between 38 and 33, or an average loss of 5 cents on every dollar of sales. And then we find that: "In spite of store principals and executives marshalling every bit of resourcefulness at their command to break down the barrier to successful operation raised by the fixed charges *necessary* to the conduct of a store, there is some reason to believe that not a great deal was actually accomplished in this respect."

I have emphasized that word "necessary," for it seems to me that here is the cause of much of the trouble. There seems to be a clear indication that stores have fallen into a traditional way of doing things. That they feel that this service and that service, this extravagance and that extravagance, all are essential. They are convinced that a successful retail business cannot be run minus these policies.

Of course this is not the case. There are a number of stores which have weathered the last three stormy years very nicely indeed, although they have not been able to boast of the "benefits" of a plethora of services. If I may be pardoned a few references to my own business, I should like to point out the following:

Our fixed charges "necessary to the conduct" of our stores do not even approach the figures previously mentioned. In fact, our total cost of doing business is in the neighborhood of 14 per cent this year, as compared with the probable 1933 average of most department stores of 40 per cent. Expressed in Mrs. Jones' language, if we buy an item for \$1 and sell it for \$1.16 we earn a profit of 2 cents on the transaction. The service type of department store must sell it for \$1.44 to make the same profit. If such a store sells the item for \$1.16 it loses 28 cents on the transaction.

How do we do it? The answer is simple. We find that "the fixed charges necessary to the conduct of a store" are not at all the same that service stores seem to find necessary. We occupy comparatively inexpensive quarters, our 200,000 square feet of floor space costing us only a moderate rental. We make no deliveries. We have no charge accounts. Although we sell only ready-to-wear for women and children, we make no alterations. We have no C. O. D. or approval system. Women come to our two stores, pay cash, and take their purchases with them. Apparently this policy is successful. Our volume runs up into many millions, so that we are probably among the first 100 stores in the country.

I do not contend that all department stores should operate on our basis. There are men and women who want, and who can afford, service, and to whom certain stores can cater profitably. The point I should like to make is that service should be sold at a profit, precisely as merchandise should be sold at a profit. Then those who want service will pay for it, and those who do not want service will save accordingly. Some day, for example, we (Continued on page 53)

Rubberized Gold Dollars

By JOSEPH STAGG LAWRENCE Editor, The ECONOSTAT

CHANGE sometimes strikes mankind like a Jovian bolt, sudden, devastating, complete. "Violent revolution" is the fitting phrase. Again change comes in perceptible instalments, unmistakable but gradual. "Evolution" describes the movement. Finally it may come upon us like a subtle drug which, operating while our senses are diverted or suspended, astonishes with its accomplished alteration when again we awaken. Nothing else can describe the transformation now taking place in the monetary system of this country.

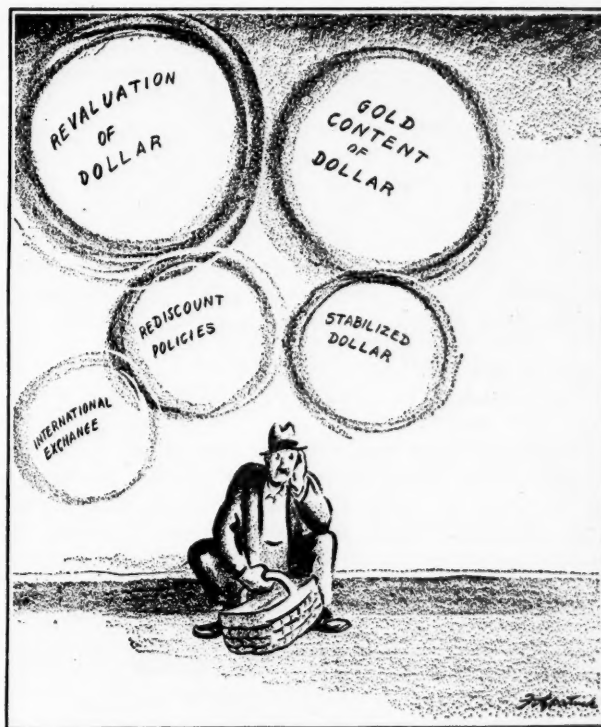
Since 1792, the price of gold, with the exception of the period 1861-1879, was the only fixed price in an era which abhorred artificial restraints upon economic processes. Silver shared this privileged position with gold until 1873, when the much lamented "crime" against the white metal was committed. During this period the law of the land defined the dollar as 1/20.67 of an ounce of pure gold. This placed us on the gold standard. Had the law instead defined the dollar as 10 pounds of sugar or a bushel of wheat we would have been on the sugar or the wheat standard. In fact, parts of this country have at various times been on a wheat, beaver skin, tobacco, wampum, and even whisky standard.

With the development of complex business forms, inter-community trade, and banking, these other standards proved awkward and banking convenience in the end dictated the choice of gold as the exclusive standard because of its imperishability, ready divisibility, and high value in small bulk. It should be emphasized that the human race for most of its existence has exchanged goods on a barter basis or used as a common denominator of value some other commodity than gold.

The yellow metal has occupied its exalted exclusive position only during the last century. As such its virtues were rationalized by students and particularly by bankers. It was an automatic agent maintaining economic stability throughout the world. In addition to its real virtues it was endowed by an adoring fraternity with talismanic qualities. Nevertheless, some irreverent observers noted that in every emergency the gold standard was carefully led out of a back door and suspended. It was essentially a fair weather standard and could not survive the rough treatment of adversity.

We say all this without prejudice either for or against gold, merely to set the reader's mind at rest. Whether the country should or should not return to the orthodox gold standard is a distinct question which may be argued with great force on both sides. The point to be made here is that the economic heavens will not topple if the world in the course of time treats gold as it has silver or even corset stays.

For a new monetary era has been ushered in while learned doctors were controverting the merits of a sys-



By Fitzpatrick, in the St. Louis Post-Dispatch

THE CLASS IN ECONOMICS

tem that no longer existed. This country definitely abandoned the gold standard when the banks ceased to redeem currency in gold. When the President later permitted gold miners to sell their product in world markets through the Federal Reserve, he admitted that the old parity between the dollar and gold had ended.

When the Administration fixed the price of oil and established minimum prices for labor, cotton, and corn, it created new fixed equivalents for the dollar. That dollar today, instead of being 23.22 grains of pure gold, is 1.00/1.11 of a barrel of crude oil, 2.5 hours of common labor, 10 pounds of cotton or 2 bushels of corn. While disputing the merits of a commodity dollar it has crept unobserved into the marts of the land. Gold has been routed from its throne and has been quietly succeeded by a growing group of other commodities.

ALL THE DRAMATIC emphasis has been placed upon the President's treatment of gold. This is due to the fact that the Chief Executive, confronted by irresistible inflationist pressure from agrarian centers, resorted to the device of open gold purchases as a homeopathic remedy for languishing commodity prices.

Among many primitive races the accepted formula for inducing rain after prolonged drought is as follows: In the clear presence of the powers above and attended by suitably impressive ceremonials, water is poured upon the arid land. This is a strong hint to the superior

being in charge of the heavenly flood gates to send down moisture to relieve parched crops.

The analogy applies perfectly to the Government's purchase of gold. Each day it sets a higher price for the yellow metal for obvious emulation by other commodities. The President's monetary advisers eagerly watch the stock ticker, knowing full well that their existence as monetary experts in the service of the state depends upon the success of their intercession with the higher and lamentably obscure price powers.

It is here realized that Professor Warren and his associates have carefully rationalized their remedy and would resent the suggestion that it is homeopathic and not directly causal. Let us follow their reasoning.

The law establishes gold as the common yardstick of market values—that is to say, it did until the abandonment of the gold standard severed the connection. Just as a certain mass, defined as a pound, is used to measure weight, a certain unit known as a foot to measure distance, so a certain quantity of gold, 23.22 grains, was designated by law as the measuring rod of market values. The equation under the gold standard was:

1 ounce of gold	—	\$20.67
One dollar	—	23.22 grains of gold.

In terms of this standard value, unit prices during the last four years have been unsatisfactory and during the greater part of this period have been declining. This has had serious social and economic consequences. It was necessary to restore the nominal value of farm and manufactured products, human services, and capital equipment in order to relieve the universal malaise. Since direct efforts had failed to bring back former values, the same end could be accomplished by reducing the size of the unit used for measurement.

If prices were too low in terms of a dollar that had 23.22 grains of gold it would be a very simple matter to reduce the gold content of that dollar and make it 16 grains or 12 grains or any other quantity necessary to restore earlier nominal values. If you are offering in settlement of a contract a hog which must weigh 200 pounds, and you find on placing it in the scales that it weighs but 100 pounds, you can, if you have the authority, decree that a pound shall be 8 instead of 16 ounces. Your squealer will then weigh 200 pounds.

THIS IS WHAT the President and his wise men have undertaken to do with prices. In order to raise prices they are simply reducing the gold content of the dollar. If gold at \$20.67 an ounce yields a dollar with a gold content of 23.22 grains, then gold whose price has been raised to \$32 an ounce will give us a dollar with 15 grains. Theoretically prices should be higher in proportion.

That is beautifully clear and logical if we remain in the realm of theory. Unfortunately, this theory, like some others, finds exposure to the facts fatal. In 1896 this country used a dollar which contained 23.22 grains of gold. The record shows that the same identical dollar served as a measuring rod of value in 1920, 1929, and on March 1, 1933. Our hog (commodities) which must weigh 200 pounds (prices) weighed 126 pounds in 1896, 320 pounds in 1920, 194 pounds in 1929 and 134 pounds on March 1, 1933.

A small boy on the side lines asks: "Is it the same hog?" That, of course, is one flaw in the theory. The

demand and supply position of the commodities and services whose values are now so unsatisfactory is never the same from one period to another. Price changes may occur not only because gold becomes more valuable—the contention of the President's current monetary advisers—but also because the objects whose value gold measures suffer from oppressive surpluses.

Of course, unless we are careful this objection may itself become absurd. If an ounce of gold at one time is worth 20 bushels of wheat and at another 40 bushels, it will get us nowhere at all if we insist that the change has taken place not because gold is more valuable but rather because wheat is less valuable. The point is that the causes responsible for the change have been operating on the side of wheat rather than of gold.

The next flaw in the theory throws a realistic light upon the problem of effects. Will a rise in the price of gold, at home or abroad or in both places, raise the price of commodities, securities, and services? The answer is an unequivocal no. The country today uses a dollar that has no relation to the yellow metal. For all practical purposes that relation has not existed for many years. The merchant who buys and sells, the worker who draws pay and lives on it, have long since forgotten that the counters employed in making their exchanges are warehouse receipts for gold. When the Government abandoned the gold standard even that tenuous vestigial connection with an earlier authentic gold standard was destroyed.

If the purchase of gold by the Government at mounting prices is to affect other prices it must increase the amount of credit or currency in use or both. Failing in this it must nevertheless increase the flow of business and individual incomes and accelerate the turnover of money. We may put the matter bluntly so that the conclusion can admit no doubt:

If the Government buys fifty thousand ounces of gold at \$32 or \$40 or \$50 an ounce and then buries the mass deep in the vaults of the Treasury, how can it increase the credit which the First National Bank of Brownville will extend to business man Smith? How can it create an opportunity for Smith to use those funds profitably? How can it increase the ability of Smith to pay higher wages? How can it increase the demand for wheat and pork or affect the disposition of anyone to spend his income? The answer, of course, is that it can and will do none of these things. Uncle Sam might just as well manipulate the price of dodo bones. Of far greater significance to the price structure of the future than anything which the Government might do with gold is its action in pegging the price of major primary commodities such as oil, corn, and cotton.

This conclusion admits one qualification and one assurance. The qualification relates to the psychological effect. If people fear that inflation is on the way, and that the integrity of the dollar may be undermined, they will rush to buy commodities, real estate, and securities. This flight from the dollar will raise prices.

The assurance relates to the degree to which the Government will push the experiment. There is no reason to believe that it will undermine the dollar until accumulations are swept away, as they were in Germany. Such inflation is the resort of a government without power to collect taxes or credit to borrow. Assuming that the Government is successful in raising prices to 1926 levels, this would not involve an overwhelming loss to the bond holder or savings depositor.

INDEX OF GENERAL BUSINESS

ACCORDING to the comprehensive index prepared by the ECONOSTAT for this magazine, business during the month of October showed a further substantial recession from the level which prevailed during September. Since the component items individually all include corrections for seasonal changes, it must be concluded that the drop shown by the index measures a decline in excess of that normally expected.

The verdict of the index can hardly surprise any one familiar with the facts. Yet it should not be interpreted as a definite check to business recovery or a failure of the Administration's program. Economic forces are so potent and far-reaching that even a nation like the United States cannot dissociate itself entirely from world influences. Furthermore the application of perspective to the

business picture makes it apparent that no recovery from depression has ever proceeded along a smooth rising slope. The precipitate pace of recovery witnessed during May, June, and July made the subsequent reaction inevitable. Over a longer period of time the outlook is still definitely encouraging.

The last two months have been marked by an abatement of the labor disturbances and by an increasing adjustment to the new conditions in production and trade established by the NRA codes. These have both been disturbing short-time factors to which business has been compelled to adapt itself. Two other factors similar in character and of more recent origin have been the experiment of the Government in the purchase of gold, discussed more fully in the preceding pages, and the revolt of the farmers.

The farmer still feels that he is the backbone of the nation and that agriculture provides the essential sustenance of the land. Special legislation in the form of the Agricultural Adjustment Act was passed to relieve his particular distress. At the same time the Government through the National Industrial Recovery Act undertook similar aid for business and the industrial worker. The efforts of the Government under the latter have been far more spectacular than the work of Secretary Wallace and AAA Peek. Support of the NRA has been made the test of patriotism. No such importance seemed to attach to the AAA. The farmer in consequence feels neglected.

A second cause of discontent has been the decline in agricultural prices. Parity prices promised by the President seem farther away than ever. Applying this pragmatic test to the Government's policies, the farmer has concluded that they are a failure, a conclusion ably refuted by Messrs. Wallace and Peek.

INDEX OF GENERAL BUSINESS		DOWN
October, 1933.....	55.2	
September, 1933....	*60.8	
October, 1932.....	52.8	

INDEX OF FINANCIAL ACTIVITY		DOWN
October, 1933.....	37.0	
September, 1933....	*38.3	
October, 1932.....	37.2	

Bond Sales—N. Y. Stock Exch.		Index	Data
October, 1933.....	81		\$232,900,000
September, 1933....	95		231,500,000
October, 1932.....	66		189,350,000

Stock Sales—N. Y. Stock Exch.		Index	Data
October, 1933.....	40		39,379,000
September, 1933....	44		43,319,000
October, 1932.....	29		29,189,000

Corp. Div. and Int. Payments		Index	Data
October, 1933.....	90		\$645,205,000
September, 1933....	*79		*391,589,000
October, 1932.....	88		621,654,000

New Corporate Security Issues		Index	Data
October, 1933.....	1		\$3,109,000
September, 1933....	2		8,911,000
October, 1932.....	13		67,500,000

Money Rates in New York City		Index	Data
October, 1933.....	18		.84%
September, 1933....	18		.84%
October, 1932.....	28		1.29%

Bank Debits in N. Y. City		Index	Data
October, 1933.....	43		\$13,280,000,000
September, 1933....	45		12,215,000,000
October, 1932.....	46		12,944,000,000

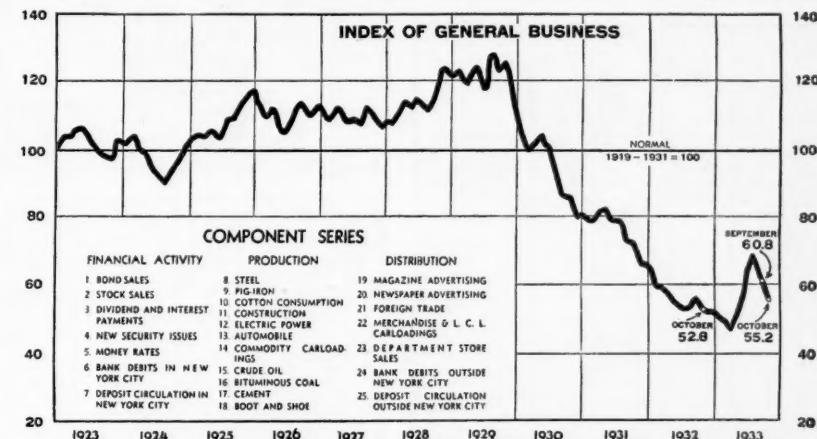
Rate of Circulation of Bank Deposits in New York City		Index	Data
October, 1933.....	45		2.18
September, 1933....	46		2.02
October, 1932.....	42		2.06

INDEX OF DISTRIBUTION		Index	Data
October, 1933.....	66.2		
September, 1933....	68.5		
October, 1932.....	62.6		

Magazine Advertising		Index	Data
October, 1933.....	54		2,030,000
September, 1933....	49		1,515,000
October, 1932.....	47		1,246,000

Newspaper Advertising		Index	Data
October, 1933.....	66		not available
September, 1933....	66		62,327,000
October, 1932.....	64		69,700,000

Foreign Trade		Index	Data
October, 1933.....	63		not available
September, 1933....	63		\$307,000,000
October, 1932.....	58		259,000,000



Merchandise Carloadings		Index	Data
October, 1933.....	69		414,000
September, 1933....	68		395,000
October, 1932.....	69		408,000

Department Store Sales		Index	Data
October, 1933.....	74		69
September, 1933....	76		70
October, 1932.....	80		71

Bank Debits Outside N. Y. City		Index	Data
October, 1933.....	52		\$13,027,000,000
September, 1933....	57		12,340,000,000
October, 1932.....	56		12,354,000,000

Rate of Circulation of Bank Deposits Outside N. Y. City		Index	Data
October, 1933.....	76		1.43
September, 1933....	81		1.37
October, 1932.....	61		1.15

INDEX OF PRODUCTION		Index	Data
October, 1933.....	56.1		
September, 1933....	*64.0		
October, 1932.....	51.8		

Steel Ingot Production		Index	Data
October, 1933.....	31		37.37%
September, 1933....	55		40.89%
October, 1932.....	26		19.00%

Pig Iron Production		Index	Data
October, 1933.....	52		43,320
September, 1933....	61		50,742
October, 1932.....	25		20,800

Domestic Cotton Consumption		Index	Data
October, 1933.....	93		515,000
September, 1933....	100		501,000
October, 1932.....	91		502,244

Total Construction Contracts		Index	Data
October, 1933.....	35		**\$128,500,000
September, 1933....	38		122,616,000
October, 1932.....	35		107,000,000

Electric Power Production		Index	Data
October, 1933.....	72		246,000,000
September, 1933....	76		249,300,000
October, 1932.....	71		227,200,000

U. S. Automobile Production		Index	Data
October, 1933.....	51		cars & trucks
September, 1933....	63		**130,000
October, 1932.....	19		190,000

Commodity Carloadings		Index	Data
October, 1933.....	59		237,000
September, 1933....	63		240,000
October, 1932.....	56		223,000

Crude Oil Production		Index	Data
October, 1933.....	93		73,842,000
September, 1933....	102		76,800,000
October, 1932.....	83		65,220,000

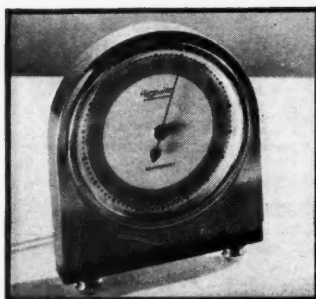
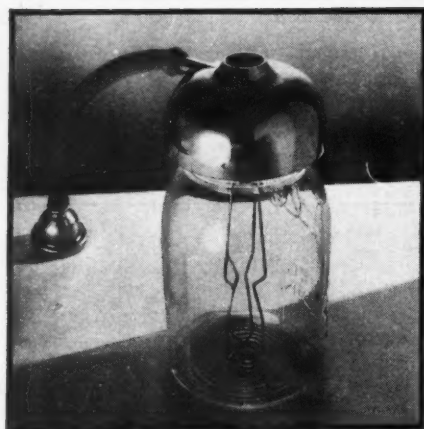
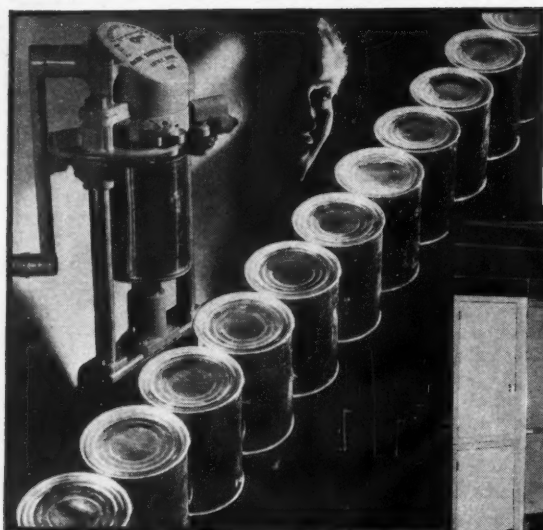
Bituminous Coal Production		Index	Data
October, 1933.....	65		30,360,000
September, 1933....	72		29,880,000
October, 1932.....	70		32,680,000

Portland Cement Production		Index	Data
October, 1933.....	30		not available
September, 1933....	41		25.5%
October, 1932.....	41		34.6%

Boot and Shoe Production		Index	Data
October, 1933.....	98		not available
September, 1933....	105		30,900,000
October, 1932.....	105		32,970,000

*Revised
**Estimated

Living in



EFFICIENCY in tomorrow's house demands an electrified laundry, such as this Westinghouse model room pictured above, equipped with labor-saving washer and iron, plus convenient metal hampers and linen closets. The preserving season may take on new interest with the can sealing appliance (upper left) which enables the housewife to use tin cans. At the extreme left is shown a device which utilizes the water power available at the kitchen water faucet to whip cream, etc. Thermometers have been neglected so that the new easy-reading Airguide (left) became a very necessary modernization.

ONE WOULD FIND it relatively easy to elaborate upon the meaning of the word home by simply quoting two or three lines from any of the numerous list of poets of the fireside. It would not be as simple to pluck a poetic description of tomorrow's home, but it would be simpler than doing the same thing for "Tomorrow's Transportation," or "Tomorrow's Housing," the subjects of two preceding articles in this series of three. For the home, in its relation to those modern conveniences which make for an improved mode of living, is already in intimate contact with the tomorrow that housing and transportation are still awaiting.

To illustrate: The exteriors of all the so-called modern houses exhibited at the Century of Progress and elsewhere represent a new and usually striking attempt at betterment and advance, but still in the experimental stage. The interiors on the other hand—when interiors include all of the gadgets from electric irons to automatic refrigeration and heating—are already far advanced. Most of the things included are products of our leading manufacturers that can be bought as easily in Sun Prairie or Sioux City as in Manhattan or Chicago. A potent factor in favor of the new in housing, often overlooked by its many critics, is that every interior is more important than the exterior. In fact the new in housing is based on this premise, and at

present every interior is equipped with devices for better living that are the realtest of realities, waiting to walk off the distributors' shelves, and thus do their bit in the drive toward a new prosperity.

Not that there is to be nothing new in the home. Only that progress has been faster, and at present the home appliance division of all of this is well in the van. Consider the efforts of one of the leaders in the field, the Westinghouse Electric and Manufacturing Company. They are at present erecting a "Mystery House" at Mansfield, Ohio, to be ready for public inspection late in December. Of course it will contain all of the present advanced electrical appliances: refrigerators, stoves, heating, washing, ironing, lighting and radio.

After conversing with the research engineers of the company it is possible to suspect a number of truly astonishing innovations. Garage doors may open automatically as the car approaches the house. Heating may be done with heating wires laid directly into the walls as shown in the illustration on page 36. Or it may be done with "reversed refrigeration"—the process of heating a house in winter with the same equipment that cools it in summer. Surely ultraviolet light will find a wider application than at present, moving the sunlight everywhere within the house. Some of the rooms may be windowless—recent research has shown the advantages of such rooms—if not entire houses.

Tomorrow's Home

By T. J. MALONEY



BEAUTY and utility unite in tomorrow's kitchen, illustrated above in the General Electric model. Stove, refrigerator, coffee percolator, mixer, toaster, waffle baker, concealed dishwasher, and hooded lights placed over work tables, all owe their existence to the increasing general use of electricity.

The electric eye may noiselessly and automatically open doors as you wish to pass through them, turn the water on and off automatically as you wish to use it; and possibly increase the intensity of the light by which you read, automatically protecting your eyesight. Portable air conditioning units may be moved from room to room; television may supplant the radio; and a hundred other large and small gestures to easier living will be made to Mrs. Josephine Citizen. All of these things will come out of the experimental stage in due time.

In this field such statements are not predictions but accepted facts. Here the manufacturer spends millions on research, and the astounding advances in the ease of living in the American home since the war point in only one direction—a continued advance and applications of the results of this research.

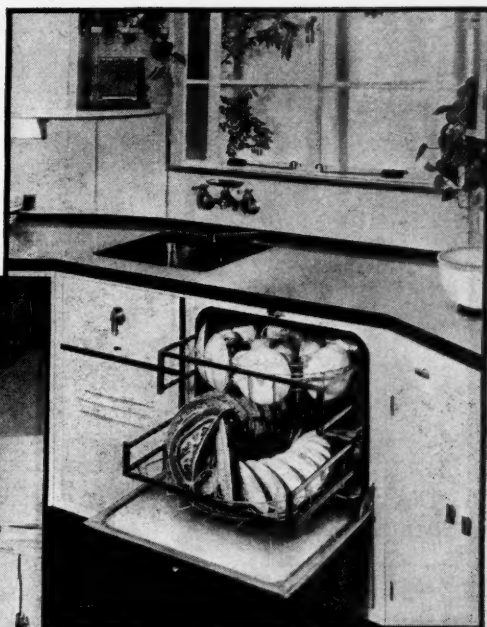
Here, too, the depression worked one of its few boons. To stimulate sales, new products were necessary. Consider such simple items as clocks, toasters, and elec-

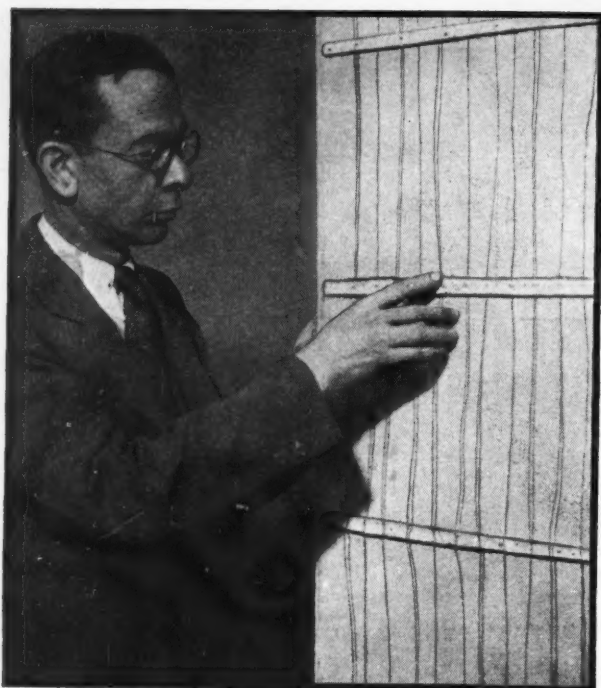


AIR-CONDITIONERS provide the same desired room temperature all year, also eliminating excess moisture. A Westinghouse floor unit is pictured above. The newest thing in electric dishwashers, as pictured at the top of this page, is the fitting of this Westinghouse washer into cupboard space thereby saving usable surface on top of it. At the left, a pleased housewife demonstrates her Westinghouse electric towel drier.

tric irons. New clocks are in beautifully designed cases, their faces brightened, and even a jump clock—one that tells time in the same manner many auto speedometers do, entirely eliminating face and hands—introduced. And clock sales have held up all through the last four years. Toasters were made automatic enough to do everything but butter and eat your toast, and irons were given different heat intensities for silk, cotton, rayon and wool; their faces lifted, and made easier to lift, by the substitution of die cast aluminum for that same face.

All of these things are technological advances for the





PRESENT research indicates that one of the most efficient and economical methods of heating in the future may be by means of electrical wires embedded in the plaster walls. L. W. Schad, Westinghouse research engineer, is shown above with an unfinished panel.

GENERAL ELECTRIC produces a fan for tomorrow's house, new in design and action. Note the propeller blades. It is noiseless as well as attractive.



creators, niceties for the buyers, and sales increasers for the merchandisers. Such seemingly small changes are the real reasons why the home appliance field moves faster than any other in this re-creation of our living.

Radical changes are left to transportation and housing. But results achieved by home appliance manufacturers show the wisdom of keeping not only abreast of the times, but of being the initiators of steady steps—but not too great strides—forward.

In lighting fixtures, typewriters, decorative novelties, plumbing hardware, oil burner parts, automobile and washing machine parts, refrigerator hardware, clocks, fans, and air conditioning equipment, zinc has successfully but not firmly established itself. Certainly the research and sales effort to be expended on further utilization of the metal play a part in pleasing Josephine Citizen, and putting her lesser half back to work.

"What of the material replaced?" you may ask. The competition is healthy and is one of the supporting stones in the greater consumption of goods. When the Holland Tunnel was completed, connecting New York and New Jersey, many saw the doom of the ferry lines between the two shores. Fifty million vehicles used the ferries the year of the completion of the tunnel. The following year those fifty million vehicles went through the tunnel, and there were thirty million more to take their places on the ferry!

Materials—the background and backbone—of new

uses and advances are of as great importance here as in the transportation and housing fields. Steel, aluminum, copper, brass, nickel, lead, plastics, wood, and hundreds of other elements and chemical combinations all have possibilities.

Design—because Josephine Citizen has consistently shown a preference for better looking as well as better aids to her housekeeping—occupies not undue, but often unappreciated, prominence in tomorrow's living. The year 1934 unfolds to the male portion of the population what is to be given to the better half in such a home item as washing machines. His astonished eyes are to witness more explicitly than ever before a known axiom among the manufacturers who have catered to his wife in the bathroom and kitchen. The American housewife is the deciding and also the intelligent factor in American design.

Thereupon good Joseph Citizen will perhaps look with more favor on fully streamlined automobiles that are technical advances, but unorthodox enough to have the engine in the rear, and the traction in the front, and the steering to be done on a single rear wheel, resulting in less gas per mile and more miles per hour.

Even in the short period of two months since "Tomorrow's Transportation" was published here, certain manufacturers have hinted at the commercial possibilities of radically revised cars. Henry Ford exhibited one at his one-man show in Detroit celebrating the thirtieth anniversary of the Ford Motor Company. It is safe to say that an elementary education in design and its possibilities can be acquired by any individual who closely observes the changes in washing machines and some automobiles in 1934.

Names—material, design, names—these are the things that mold the future, and command the word CHANGE. Of names

there are too many to attempt to credit all who are part of the whole. But names are closely allied with products and progress, as the various photographs show, and as some of the following items indicate.

Air conditioning is on its way—but in housing it has a long way to go. Listen to an electrical manufacturer tell of the difficulty in selling an electric fan or two for home use, and you will soon realize the problem. But General Electric, Carrier Corp., Westinghouse, York Ice Machinery Corp., Campbell Metal Window Co., and others are all bending their efforts toward this great market. Perhaps television will help it. Surely if we are to have home movies we will demand cool movies. Heating and cooling will become one unit, or heat may be imbedded in the walls. General Electric and Westinghouse have innovated the kitchen complete in one unit—and the home laundry is the next step. The Copper and Brass Research Association has convinced the public of the necessity of copper and brass pipe for plumbing fixtures, and what American Radiator and Standard Sanitary, and Crane, and Kohler, and Speakman have done for the bathroom and will continue to do are too well known to be reiterated here. The Apex Electric Company carries cleansing to newer levels—

even placing a Diogenes lamp looking for dirt on the front of its vacuum cleaner.

Radio of short wave frequency and television are on their way. That means that R.C.A., Philco, Atwater Kent, Stromberg Carlson, American Telephone and Telegraph, and all the industry is almost ready to expound their commercial plausibility. Windowless rooms? Not only plausible but very practical, for some parts of the house. They are easier to heat and to keep cool, and what is more, can be kept at a constant level of temperature. The Mohawk Carpet Company has found that properly and constantly humidified rooms greatly increase the wear resistance and life of rugs, because sheeps' wool has greater ductility and pep in a properly humidified room. Lighting will assuredly continue on its way toward change and improvement—in particular toward a wider utilization of indirect lighting. As previously mentioned, ultraviolet, and the sun lamp, will fill a place of increasing importance. Since ultraviolet light is absorbed instead of reflected by a lot of present day wall surfaces, there will be further research on the part of the electrical, paint, and metal people to meet its demands. Gas continues to contend with electricity, as do coal and oil. General Electric and Petroleum Heat & Power Co., have made important contributions in the oil burner field. Furniture is bound to follow the trends already established in the bathroom and kitchen and become more functional. That does not mean that all furnishing will be the so-called modern, but a note of simplicity already evident will swell in volume.

In this reaching for simplicity, paint as color becomes more important than ever. Its decorative value can be strikingly improved through new color schemes and new uses. The interiors in R. H. Macy's Forward House exhibit in New York and also those of Mandel Brothers in Chicago are fine examples. It used to be almost bawdy to think of opposite walls in the same room done in opposite color. But no more. New times and new styles. As always with a medium as flexible as paint, there will be styles and fads, and its use in tomorrow's home may be radically new for a year or two, and then return to some craze of years ago. But the paint itself will be better and better as the years go by and the styles come and go.

Again using the home of Franklin Brill, described last month in "Tomorrow's Housing," as an example, listen to this summation of tomorrow's living in terms of maintenance. "Another feature of this home—in reality a three-room city apartment set in a suburban site—is its reduction of maintenance, pointing the way to a time when housekeeping goes on a thirty-hour week or less. All dust-catching projections have been eliminated from around the doors and the single-pane win-

INNOVATIONS introduced in the Apex vacuum cleaner include a headlight for dark corners, and a swivel handle.



dows, doors are all flush slab-type, sound-proofed; tables are hung from walls without legs to interfere with vacuum cleaning; chairs, sofas, beds, vanities, stove, and refrigerator all rest flat on the floor to eliminate dust-traps; radio, clocks and roll-firescreen are built in flush with walls, carpeting extends from wall to wall, the sink is built in flush with the counter-top and serves as the dishpan, mirrors are frameless, hung with aluminum clips, and doorknobs

are of a new synthetic plastic called Durez, which prevents static sparks and never needs polishing. The pullman kitchen, with a floor area only eight feet

long by sixteen inches wide, saves thousands of steps a day, yet contains more cupboard room and working space than nine out of ten conventional kitchens. A dining alcove, seating four, adjoins the kitchen, and both may be instantly shut off from the living room by heavy draperies."

If the three items of transportation, housing, and living make a new kind of existence tomorrow, it will still be so closely allied to the old, that the younger generation will never note the difference, and the older will soon forget it, except in reminiscing moments. It merely means that this technological improvement that motivates our existence has captured the last of our citadels. It is bound to come, and under present conditions the sooner the better. So reasons the national administration, now trying to do everything in its power to cut the red tape that hinders its completion. The American housewife, in her able support of new design is a decisive factor in the march toward better times.



TOMORROW'S gas range, as designed by Norman Bel Geddes, and manufactured by the Standard Gas Equipment Corporation.

The Near East Learns How

By BARCLAY ACHESON

SOME YEARS AGO a well known American organization doing relief work in the eastern Mediterranean found itself with twenty-five deaf mute children on its hands. It was faced with two alternatives. It could feed the children for a time and then turn them adrift to be on the streets—the immemorial fate of such boys and girls born in poverty in the old world. Or it could start a deaf mute school at American expense to be carried on as an American philanthropy for as long as funds were forthcoming.

These were the conventional solutions, but the organization rebelled at both. Temporary feeding was futile. And American workers in the field were coming more and more to believe that the establishment of an institution run in perpetuity on American funds was a monument to the financial and social inferiority of the people it was designed to serve.

The organization therefore resolved on an experiment. Temporarily taking the children under its care, it sent to the United States a capable native woman to take a training course in the education of deaf mutes. On the completion of her schooling the American agency announced that a demonstration school for the deaf mutes under its care would be opened. This school would be directed by the native teacher, and it would be financed by American money for the period of demonstration only.

Almost immediately the school attracted attention. Since it was run by a Greek woman, though trained as she could not have been at home, it aroused a sense of national pride. The Greek Government undertook a survey of deaf mute children in Greece and found there were more than 5,000. But the American organization quietly declined to assume responsibility for others than the original twenty-five. When these had been taught to speak, to read, and to learn some simple craft, the school was scheduled to close.

By this time, however, the Department of Education of the Greek Government had seen too much of the transformation of these lonely little boys and girls into normal, happy children, to let the matter drop. From the beginning the department had coöperated with the American organization. It now has taken over the model school and incorporated it in its system of education. Today two splendid new buildings testify to the ability and intention of the Government to look after its own deaf mute children without help or support from outside. The people are grateful for the demonstration that showed them the way and proud of their own ac-



A Macedonian village priest receiving instruction in tree grafting. He, in turn, passes on the art to the farmers of his community.

complishment. This type of procedure and objective characterized the beginning of the work of the Near East Foundation.

The Foundation is successor to Near East Relief, but with a different problem and a different objective. The Near East Relief did an emergency work at a time when millions of people were left homeless and hungry. That work is practically completed. Such projects as are incomplete—the education of orphans, the follow-up of refugee cases—are under the direction of the new organization. The

work of the Foundation is not to alleviate an emergency condition, but to change for all time the conditions out of which such emergencies grow. The Foundation lays a solid base upon which the local governments build a permanent structure.

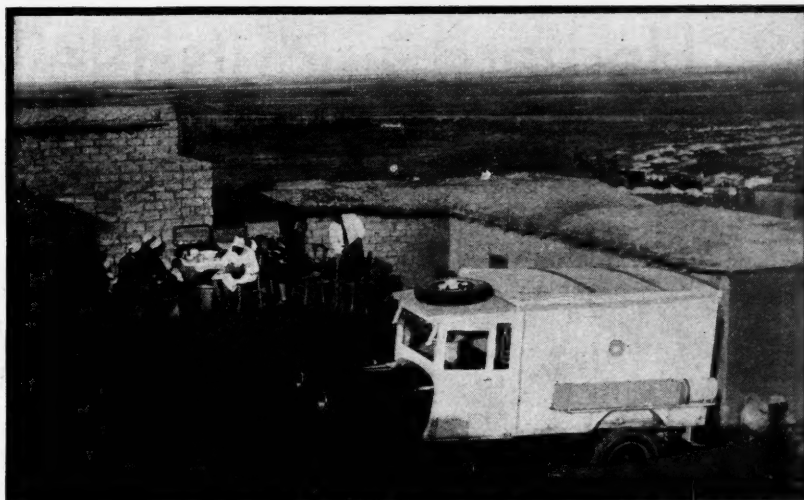
This is a tremendous task, but not an impossible one. For every boy and girl trained, every peasant instructed, acts as a teacher going out to demonstrate that training in his own village or farm community.

The program of the Foundation has four phases. First comes a survey of the district in which work is to be carried on. This survey is made by American experts and local leaders. Never is there any attempt to begin work without the coöperation of local authorities. These investigators diagnose what is wrong in a field, and what in their opinion is the most likely remedy for the difficulty.

The next step is to establish, on as economical a basis as possible, a trial remedy; a traveling clinic or playground or model farm. This experiment is carried on for a sufficient length of time to enable both Americans and nationals to determine whether it is adapted to the needs of the community, and whether it may be taken over by the local government. Unless a program can be so developed that it will eventually draw its leadership and financial support from the people it serves, it is not undertaken.

If the experiment proves successful the demonstration stage of the work follows. By this time it is necessary for the local government to assume partial support and pledge itself to complete support at some stated date. In every project undertaken the local government has been eager to do so. In this demonstration phase, more than ever, full coöperation of local leaders is imperative. The most perfectly trained agricultural expert would be of little use if he were unfamiliar with the soil and resources of the farm on which he is experimenting, as well as with the methods previously employed. No nurse, no matter how skilled, could con-

SYRIA—A health and village betterment director, traveling in her healthmobile, holds a clinic wherever conditions demand it.



duct a successful clinic if she were unaware of the customs, habits, and mental characteristics of the people to whom she is to introduce new methods of hygiene.

The demonstration is instituted in partnership with local schools and community leaders. In most cases it covers a period of years, during which native men and women are trained to spread the gospel of modern health, recreation, sanitation, and farming, until the original model has altered the whole aspect of the land. The fourth and final stage is the transfer of the project to local hands.

Today the Near East Foundation has established centers in Macedonia, Albania, Bulgaria, Greece, Turkey, Palestine, and Syria. Other countries have requested help but funds are lacking. For the most part the work is mobile in character and is adapted to the needs of the rural poor. Where institutions are maintained, they act as a base from which, through faculty and student body, the work is carried out into the rural communities and refugee settlements.

The most complete demonstration of the Foundation's ideal of rural life work is in operation in Macedonia. It started with an attempt to improve antiquated farming methods in order to create an environment in which orphaned youths might become self-supporting. It has developed into a full-rounded program in fifty-four villages which includes instruction in practical farming methods to men and boys; classroom talks and school gardens; projects in water supply and malaria control; child care through the conduct of day nurseries for the babies of working mothers and by instruction in homes; simple cooking, sewing, nursing, and similar home skills in home-demonstration centers; village reading rooms and traveling libraries, and health-building recreation. Similar work has been started recently in Turkey in the hinterland of Izmir.

In Syria the prevalence of malaria and other devitalizing diseases, which lowered working strength almost to negligible dimensions, necessitated an approach from the angle of health and home. An American nurse started work in three villages where the Refugee Settlement Commission had transplanted poverty-stricken Anatolian exiles from the great refugee camps in Syrian cities. With a white motor truck equipped as a clinic, she began her service of healing and heartening a people abject with discouragement. During three years, by employing native workers, this service has been extended to cover a large area. Whitewashed huts of sundried bricks serve as centers where demonstrations in health, home-making, and child care are made, clinics are held, and health-producing recreation is taught. The work reaches out into the entire countryside, to Arab and Christian villagers alike who are enjoying their first experience with cleanliness, diversified diet through

home gardens, and freedom from malaria through the draining of swamps.

On the principle that each type of service is designed to meet the most imperative need of a locality, the work in other areas differs naturally from that in Macedonia and northern Syria. The work in Albania illustrates the way in which a program is made to reach out into the countryside from a localized base.

AFTER 500 YEARS of Ottoman rule, Albania in its new independence is establishing its first school system. The Government needs teachers and farm leaders. It is ready to act but must have help in getting started. The survey of Albania revealed two things: that the country is predominantly agricultural; and that it is swamped in poverty and disease largely because there is not the most rudimentary knowledge of modern methods. Albanian poverty can be prevented by means of instruction in sanitation, irrigation, stock breeding, and crop raising. But how to go about it? Here was a problem for the Foundation.

The solution came through Dr. C. Telford Erickson, who had been conducting a mission school at Kavaje, near the sea. Dr. Erickson offered to turn over his building and such equipment as he had for a model farm school. The Albanian Government—which means King Zog first of all—was delighted. The King would see that Albania did everything within the possibilities of its resources to get that school started.

Whereupon an agreement was drawn up between the Near East Foundation and the Government of Albania, formally passed by Parliament and signed by his Highness, King Zog. It provided for the establishment of the Albanian-American Institute, supported jointly by the two parties for twenty years, after which it would become an Albanian enterprise. Seven hundred acres of land were given for the school free of all duties and taxes. Half the scholarships were to be paid by the Government, half by the Foundation. American salaries were to be paid from American funds, and Albanian salaries from Albanian funds. The building budget was evenly divided.

Today the school is in full swing. There is a large community building, combination town hall for the villagers and dining room and (Continued on page 58)

Harvard and Its New President

By CHARLES F. THWING

President Emeritus of Western Reserve University



THE ELIOT PAPERS deposited in the Harvard Library include a letter of President Eliot written to President Garfield of Williams, of the 7th of December, 1908, saying:

"The longer I have worked for Harvard University the more convinced I have become that all the colleges and universities of our country have a common cause and common ideals, and that they should all be encouraged and inspired to stand together, and actively coöperate in opposing evils and promoting good works. I have personally seen a liberal advance of the American colleges and universities towards this coöperation, and it is one of the best things that I have witnessed."

Recent academic history proves and illustrates the continuance of the happy movement to which Eliot alludes. This present article, too, in its joint writing and in its oneness and diversity of subject illustrates the important and recent progress in the unity of colleges.

James Bryant Conant on the 9th of October was inaugurated president of our oldest college. This college is approaching the three-hundredth anniversary of its founding. Conant is its twenty-third president. His administration follows the two terms of Eliot and of Lowell. Eliot's administration of forty years was creative. It was, indeed, revolutionary in its reorganization of the three professional schools of law, of medicine, and of divinity. The organization of the University as a unified group of departments, the perfecting of the elective system of studies, the increase in the number of students and in the amount of endow-

ment, and in the addition of great teachers were also significant enlargements of Eliot's term. Lowell's administration was distinguished by the vast increase of endowment, some five-fold, to 125 millions, and by the closer relationship of teacher and student. The building of the so-called Harvard houses by the gift of Edward S. Harkness, the introduction of the tutorial system, and the installation of the general examination represent the great elements of Lowell's term.

These two administrations followed the terms of Edward Everett, of Sparks, of Walker, of Felton, and of Hill. These five administrations covered hardly more than a score of years. They were ineffective as academic forces despite the personal greatness of the presidents themselves. Their terms were ineffective by reason of their brevity.

What are, therefore, the creative forces and qualities which Conant brings to the great office; and what are the problems to which he will give his best devotions?

If Eliot gave to Harvard intellectual and physical constructiveness, Conant will bear to it the virtue and the atmosphere of scholastic and administrative simplicity, a noble sense of reality, and an emphasis upon the fundamental elements of education. A great chemist himself, he will contribute the directness in method and the

effectiveness of the laboratory to the worth of the administrative office. In a word, simplicity will be the prevailing characteristic. This simplicity belongs to him as a man. This human quality will and must live and move in him as administrator and executive.

THIS QUALITY was particularly manifest in the service of his formal induction into the great office. This service was not the typical academic inauguration. The college "captains" and "kings" were not present. Salutations from other colleges were not offered. Addresses interpreting the higher education were not spoken. The service was a simple ceremonial of the plainest type. Its place was the historic Faculty Room whose walls are hung with portraits of the great Harvard men of the last hundred years. It seats one hundred and fifty. Those present embraced the chief officers of administration and of the faculty. The insignia of office were given to the new president. A few words were spoken by him, promising full devotion. A prayer was offered by Dean Sperry of the Divinity School. The service was a duplication of the formal induction of President Everett of the year 1707. The whole inauguration in atmosphere, in place, in every exercise was indicative of the (Continued on page 55)

JAMES BRYANT CONANT

Harvard's new president, aged forty, was chosen from among the University's own faculty. A member of the class of 1913, he obtained his doctor's degree three years later and immediately was appointed an instructor in chemistry. With time out for war duty—he was a Major in the Chemical Warfare Service — Dr. Conant has thus begun his twenty-fifth year at Harvard, as student, instructor, professor, chairman of the department of chemistry, and now as its president.

© Bachrach



OPENING FIRE ON THE NEW DEAL

By Fitzpatrick, in the
St. Louis
Post-Dispatch

Cartoon Highlights of the Month



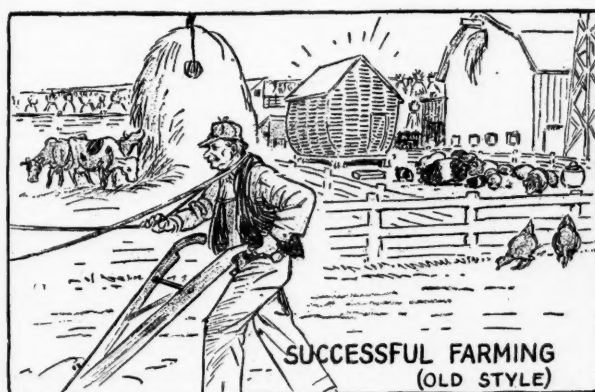
By Ronan, in the American Machinist

THEY'LL ALL DROWN—IF THE BOAT SINKS



By Carlisle, in the New York Herald Tribune

A POOR PLACE TO BALK



By Orr, in the Chicago Tribune



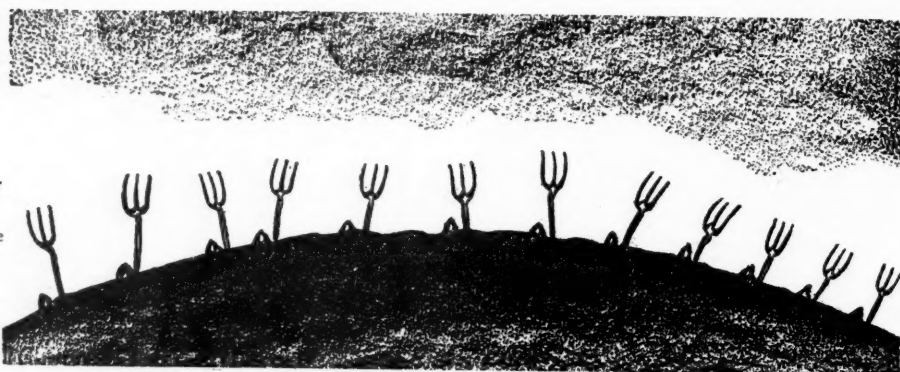
By Summers, in the Cleveland News
HANDICAPPED



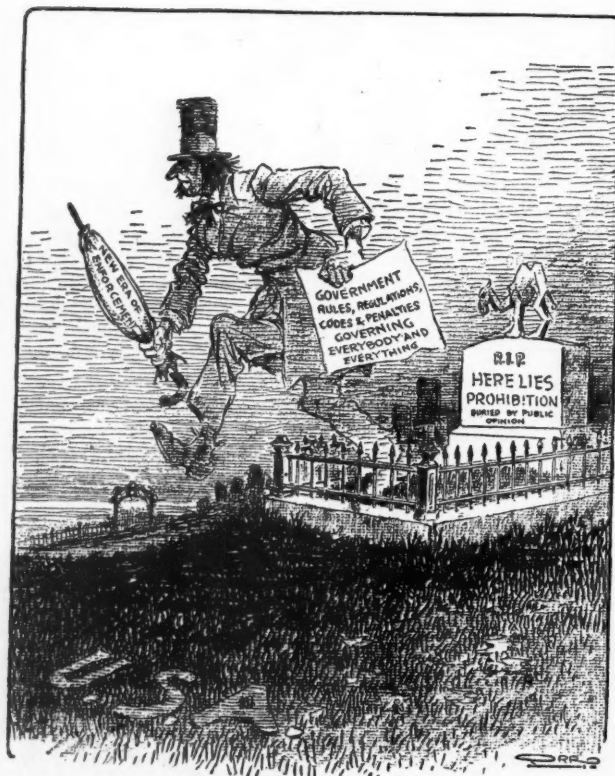
By Fitzpatrick, in the St. Louis Post-Dispatch
JOY AT THE NRA GLEE CLUB



By Talburt, in the New York World-Telegram
READ 'EM AND WEEP!



ON THE
WESTERN FRONT
By Fitzpatrick, in the
St. Louis
Post-Dispatch



By Orr, in the Chicago Tribune ©

BUT HIS SOUL GOES MARCHING ON



By Darling, in the Des Moines Register

HOW WOULD THEY LIKE TO TRADE DOCTORS?

REVIEW OF REVIEWS and WORLD'S WORK

The March of Events

October 10 to November 10

Election and Repeal

Nationwide prohibition is repealed by the voters. . . . Tammany goes down to defeat. . . . Virginia elects a Governor and a Senator.

THE PEOPLE of six states vote on the Repeal Amendment (November 7): Kentucky, North and South Carolina, Ohio, Pennsylvania, and Utah. The two Carolinas are the first states to vote in favor of continued prohibition; but the other four states vote for Repeal. Thirty-seven states, or one more than the necessary two-thirds, have thus ratified the Twenty-first Amendment since April 3. It becomes a part of the Constitution on December 5, when three state conventions carry out the will of the people.

NEW YORK CITY votes Tammany out of power (November 7) for the first time in twenty years, electing the Fusion candidate for Mayor, Fiorello H. LaGuardia, and placing 13 votes out of 16 in the Board of Estimate in Fusion hands. It is an aftermath of 1932 exposures of graft and corruption.

VIRGINIA voters elect Harry F. Byrd (Dem.) to the United States Senate seat that he was occupying temporarily by appointment. George C. Peery (Dem.) is elected Governor. November 7.

Recovery

Two billions by the Government. . . . Mr. Swope presents a new plan.

SECRETARY ICKES, of the Department of the Interior (and head of the Public Works Administration), announces on October 22 that allotments of federal funds for public works have passed \$2,000,000,000. A billion and a quarter remains out of the authorized maximum.

DEPOSITS in banks closed after January 1, 1933, are to be freed to the extent of 50 per cent—possibly \$1,000,000,000—through a plan announced by President Roosevelt (October 15). A "Deposit Liquidation Division" of the Reconstruction Finance Corporation will be formed, to lend on deposits if assets justify.

GERARD SWOPE proposes (November 1) that on the foundation laid by NRA a better structure could be built by a national chamber of commerce and industry, organizing self-governing trade associations to carry out the provisions of codes. Mr. Swope, president of the General Electric Company, presents his plan to the Business Advisory and Planning Council of the Department of Commerce.

OCTOBER advances by the Reconstruction Finance Corporation, amounting to 138 millions, bring its total loans since establishment to \$3,234,762,178. Repayment of loans reaches \$935,481,296.

THE PRESIDENT announces the establishment of a Civil Works Administration (November 8) headed by Harry L. Hopkins, Federal Emergency Relief Administrator, with an allotment of \$400,000,000, in an effort to remove four million persons from winter relief doles and employ them on self-sustaining federal, state, and local projects.

Farm Relief

The Government proceeds with benefits to farmers, obtained by a tax on consumers. . . . Some farmers have other plans.

GOVERNOR William Langer of North Dakota proclaims a wheat embargo (October 17) under a law passed by the legislature earlier in the year, giving him power to prohibit agricultural shipments when prices fall below production costs. The railroads decide that federal laws require them to provide transportation if wheat is offered for shipment.

A STRIKE of farmers is called by the National Farm Holiday Association—Milo Reno, of Des Moines, president—which claims two million members in twenty-four states (October 19).

A PROCESSING tax on hogs is announced by the Secretary of Agriculture (October 19), to begin at 50 cents a hundredweight on November 5, reaching \$2 on February 1 and continuing until November, 1935. It is expected that collections will aggregate \$348,000,000, to reward farmers who reduce hog production.

A PROCESSING tax on corn, of 28 cents a bushel, is fixed by Government officials. That sum is the estimated difference between present prices and the "fair exchange" pre-war value. (October 24).

FIFTY CENTS a bushel on corn in storage is offered as a loan by the Agricultural Adjustment Administration, through the Commodity Credit Corporation, to farmers who accept the corn-hog production control program for 1934 (October 25). They must reduce corn acreage by 20 per cent and hog production by 25 per cent. The 50-cent loan price at Chicago is later changed to 45 cents on the farm.

A TEN-STATE Governors' Conference is held at Des Moines (October 30), with Governors present from Iowa, North and South Dakota, Minnesota, and Wisconsin.

THE GOVERNORS of five Northwestern states, who journeyed from Des Moines to Washington, fail to convince the President and his advisers (November 2-4) that price-fixing would solve the agricultural problem. They propose prices that are 70 per cent above those now prevailing. Their plan involves compulsory control of marketing, and what the White House calls the licensing of every plowed field.

A PROCESSING tax of 28 cents a bushel on wheat goes into effect (November 5), the money to be collected by the Government from millers and cereal manufacturers and returned as "benefits" to wheat farmers, perhaps \$102,000,000. It is understood that 80 per cent of the country's wheat growers have agreed to reduce cultivation next year by 7,788,000 acres.

Cuba Flares Again

A third revolt, led by supporters of the first, fails.

TWO DAYS of bombardment bring the surrender (November 9) of revolting soldiers, police, and members of a secret society who had seized Atares Fortress in Havana harbor. More than a hundred lives are lost. President Grau San Martin remains in power.

Gold

A country owning more gold than any other nation buys still more at a high price.

PRESIDENT ROOSEVELT, in a Sunday night radio address, reviews the progress of his policies (October 22). He is not satisfied with the rise in farm products; if prices cannot be increased further one way "we will do it another". He declares his intention to control the gold value of the dollar, now too greatly influenced abroad, by authorizing the Reconstruction Finance Corporation to buy newly mined gold. "Whenever necessary to the end in view we shall also buy and sell gold in the world market."

GOLD buying operations are begun (October 25). The R.F.C. offers to pay \$31.16 an ounce for gold newly mined in the United States. This is 27 cents above the current London price. The statutory gold price is \$20.67 an ounce, but the Treasury since early April has paid as high as \$32 and as low as \$29.

GOLD holdings of the bank of England (November 2) are close to 192 million pounds, compared with 140 million in the corresponding week of 1932 and 122 million in 1931.

Continued on page 61



BEFORE STARTING the construction of piers for the Mississippi River Bridge, now under way nine miles above New Orleans, a firm base must be laid on the silt and mud floor of the river. The above mattress, 250 by 400 feet, is made largely of saplings bound together with steel cables. To be effective it must be sunk in one piece without a break.

New Orleans Builds for Trade

NAPOLÉON as he signed the document which made Louisiana part of the territory of the United States in 1803, remarked: "I have given England a rival". The great Corsican was thinking of the vast resources of the 827,000 square miles of land which would back up the new republic. He could not guess that the picturesque French-Spanish city of New Orleans, gateway to the Mississippi valley, was destined to become the second port of the richest country in the world. Nor did the city attain that distinction without a struggle. Its history is the amazing tale of man's determination to make the fullest use of natural endowments despite the fickleness of nature. From the building of the first levee to the erection of the \$13,000,000 bridge now under way, it is the story of the triumph of engineering skill and of civic achievement.

New Orleans stands in a magnificent location for trade. Situated on the east bank of the Mississippi River 107 miles from the Gulf of Mexico, it is nearer the west coast of the United States, and the east and west coasts of Mexico and South America, than is New York. Seven miles to the east, an arm of the Gulf called Lake Pontchartrain provides another waterway to the sea. More than 13,000 miles of navigable streams, the Mississippi and its tributaries, reaching into twenty-two states, lead to the harbor of New Orleans. Thus the city becomes the logical port for the distribution of foreign goods in the Middle West and South, and for the export of the raw materials of this rich valley to other parts of the world.

It was in 1718 that the French Bien-

ville, exploring the low-lying delta region, discovered a crescent-shaped piece of high land fitted into the elbow of the river. This he chose for the site of a post to guard the entrance to the Mississippi basin. Forthwith settlers arrived and began to dig ditches and build houses. They were soon to find that their seemingly high land was largely below sea level. When the river rose or the heavy rains descended on their well-watered fields, floods were the order of the day.

Such handicaps meant little to pioneers. They built dikes against the river, which they called levees, and they lined their streets with canals. These were the first public works in New Orleans. Surrounded as the city is by the most fertile land for cultivating sugar and cotton, by marshes swarming with fur-bearing animals, and by waterways which bring the resources of half the United States to its docks, it has depended for survival on public works ever since.

The Mississippi River, nearly a mile wide and 200 feet deep at midstream, provides New Orleans with a natural harbor. As time passed, public wharves were constructed for twelve miles along the levees on both banks of the river. The years 1815 to 1860 saw tremendous change in the Middle West. Cities grew up and thriving trade developed on the inland waterways. New Orleans increased in wealth and population as ships from all parts of the world exchanged foreign goods for the cotton, wheat, sugar, and furs of the region. Then the Civil War dealt a severe blow to shipping. For five years the port

was cut off from ocean-going traffic. When deep draft vessels began to ply up the Mississippi once more, it was found that nature had taken a hand in shaping the course of events.

In its 2477 mile journey to the Gulf, the Mississippi gathers quantities of silt which is deposited from time to time along its course. The city of New Orleans is built on such river-made land. In the middle sixties it was discovered that the river was dumping great piles of silt into the finger-like passages leading to the Gulf, thus barring large ships from sailing in and out of the delta. Dredging was not enough to keep these passages clear, and for a time it looked as if New Orleans was to suffer the fate of the dead cities of the Zuider Zee. Then engineers came to the rescue.

Today three passes—the South Pass, the Southwest Pass, and the Pass à l'Outre—assure a channel thirty-five feet deep. The floor of these passes is lined with mats woven of willow and held down by rocks. A spur-dike of ninety-foot piles divides the Southwest from the South Pass, and the channels are narrow enough to provide a swift flow of water carrying the silt out into the Gulf. The construction and upkeep of this project represent an expenditure of \$35,000,000. In 1929, 6900 ocean-going vessels docked at the wharves of New Orleans and cargoes entered and cleared were worth \$811,826,778. Thus was the Crescent City saved for world trade.

Another triumph of engineering skill is the \$20,000,000 Inner Harbor or Industrial Canal, connecting the Mississippi with Lake Pontchartrain. River frontage at New Orleans is public property. As

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manufacturing grew in the city it was found expedient to provide a fixed water level and private wharf rights, to attract certain industries.

The Industrial Canal, opened in 1923, provides for both these needs and offers a new outlet for lake, gulf, and river traffic. The canal is six miles long, 300 feet wide, 30 feet deep, and is navigable to ships of 10,000 tons. The water level is controlled by a single lock.

But not all canals in New Orleans are built for trade. Of equal importance has been the construction of public works in the city's fight against disease. Low altitude and over-abundance of water created problems which taxed the ingenuity of health officials. In the early days water could be found anywhere by digging a foot or more below the surface of the earth. Inhabitants built cisterns, pools, and canals to drain off the land, and for many years these stood unprotected. The water supply for drinking and household purposes came from the river. The result was that malaria, yellow fever, and even the bubonic plague visited New Orleans.

Today there are a few open canals for navigation, but the entire city is built over a network of underground canals and sewers. A system of pumps carries excess rainwater into the lake. Another system dumps polluted sewage into the river below the city limits, which have extended far beyond the original crescent of old Orleans. A third system provides the citizens with pure filtered drinking water. Tireless effort on the part of public spirited men and women has rid the city of rats and mosquito-breeding pools, and New Orleans boasts the finest modern scientific laboratories for the study and control of tropical diseases. Low-lying as it is, the city is now one of the most healthful spots in the United States.

Even the railroads have contributed to the hopes and fears of the Crescent City. At first it was thought that they would spell doom to a port which had grown rich in river trade. Until 1875 few railroads penetrated the deep South. Goods for export were shipped from the Middle West to New York or San Francisco, and thence abroad. Today twelve great roads converge on New Orleans. Low freight rates and the services of more than ninety ocean lines have restored the prestige of this southern port. With more than half a million inhabitants, New Orleans retains its place as the largest city in the South and the second port in the United States.

As is the case of all large American cities, New Orleans is engaged in a series of public projects to offset unemployment and stimulate latent business. Among these, citizens are particularly proud of the \$1,500,000 Shushan Airport, seven miles from the City Hall, which will be dedicated in February. The field is located on filled land, in Lake Pontchartrain, adjacent to the Industrial Canal. It is provided with facilities greatly surpassing the federal requirements for an A-1-A airport.

Among the new roads soon to be opened none is more important to trade than the link which will cut twenty miles from the distance between New Orleans

and the Gulf resorts: Bay St. Louis, Pass Christian, Gulfport, and Biloxi. This highway stretches from Rigolets Bridge in Louisiana to Pearlinton in Mississippi, and will bring New Orleans within two hours of the coast cities.

Most ambitious of all the projects is the construction of the Long Bridge, nine miles above New Orleans, which will solve a traffic problem dating back to the days of the founding of the city. Hitherto the Mississippi has defied engineers to span the last 500 miles of its southward course. While suburbs expanded to the west bank, and automobile and rail traffic doubled and redoubled in volume, slow moving ferries remained the only means of transportation between east and west shores of the river.

Now the engineering firm of Modjeski, Masters and Chase is working on a bridge which will rest secure on mattresses placed in the silt floor of the river (see illustration). On completion this bridge will be 3,525 feet in length. Passing over the levees it will rise 135 feet above the mean river level thus allowing the passage of ocean-going vessels. The main bridge and approaches will carry two railroad tracks of the Public Belt Road, two highways for motor traffic, and sidewalks for pedestrians. The Public Belt Road is a spur of track reaching out from the lines of the Southern Pacific Railroad, which will be used to transfer passenger and freight traffic into New Orleans. Approaches to the bridge will connect with the Old Spanish Trail, (coast to coast highway) and with the Jefferson Highway.

Construction was made possible by a \$13,000,000 loan of the Reconstruction Finance Corporation. Bonds were floated by the state of Louisiana and by the city of New Orleans together with the Public Belt Commission. Interest and principal will be paid off by means of a state gasoline tax and rental charged railroads for the use of bridge tracks. There will be no toll for automobiles or pedestrians. The bridge will be completed in two years.

West Virginia Starts

• • WHEN M. L. WILSON of the Farm Administration Board was appointed to supervise the Government's back-to-the-land movement, Secretary of the Interior Ickes announced that this effort is to mark a new step in American life. The National Recovery Act provides a sum of \$25,000,000 to aid in the redistribution of the overbalance of population in industrial centers. Agencies are being set up to purchase land for subsistence homesteads where the unemployed may raise their own food.

One of the first sites chosen for such an experiment is in Preston County, West Virginia. The Government has acquired 1,100 acres of land and homes will be built for the families of 200 unemployed miners now on relief rolls. Each house is to cost about \$2,000 and with it will go a two to four acre plot for vegetable, fruit, and poultry farming. A single building will be used as a school and community center where handicrafts will be taught the settlers. The Government also plans to build a small factory for the manufacture of post office equipment.

This Preston County project is to be used as a model in demonstrating the feasibility of establishing small factories in rural districts in place of concentrating industry in crowded cities.

Civic Sidelights

• • THE TENNESSEE VALLEY AUTHORITY is planning careful regulation of the construction of workmen's houses at the site of the Cove Creek Dam northeast of Knoxville. In place of the usual makeshift buildings characteristic of mushroom developments dwellings will be erected for permanent community living. Said Mr. Earle Sumner Draper, who is in charge of land planning and housing for the Authority: "The architecture which will form the motif for this town must be carefully studied. It should disregard any other housing development and go back to the early settlers for its inspiration."

Mr. Draper's work includes the choosing of town sites, highway and utility locations and relocations to meet the requirements of Cove Creek and other construction projects. He will also supervise regional planning on a vast scale. Land classification based on the study of physical conditions as well as on social and economic factors will precede any large area planning.

• • PHILADELPHIA's planetarium—second in this country, Chicago having the first—was opened to the public last month. It is the gift of Samuel Fels of Philadelphia, and forms the first completed unit of an industrial museum in association with Franklin Institute. As in all planetaria, the auditorium is circular with a dome ceiling. On this perforated ceiling, of stainless steel, the lecturer-operator reproduces sun, moon, planets, and stars by means of a novel adaptation of the magic-lantern idea, with the purpose of interesting and educating his audience in a realm about which the average person knows very little. New York's projected planetarium was described in these pages last July.

• • NEW YORK CITY is this year educating 1,128,697 persons in its public-school system, at a cost of \$130,000,000. Two trends are discernible these days: (1) a falling-off in registration in elementary schools, due to the damming of the immigration tide and a declining birth rate; and (2) increased attendance in high schools, due to a shortage of jobs for boys and girls of working age. Elementary school registration five years ago was 789,000; now it is 764,000. High school registration was 152,000; now it is 236,000.

• • CHICAGO's Century of Progress closed its doors last month, with an enviable record of achievement. Twenty million admissions created a new record and brought in 8 million dollars in revenue; concessions yielded nearly 26 millions more. A creditable achievement in every way, the exposition was a financial success as well when it is compared with earlier world's fairs. Its bondholders have already been paid back half of their investment, when they probably had considered it a gift to their city.

"Papa Dear" Litvinov

PERHAPS no foreign emissary coming to the United States in recent years has roused so much public curiosity as Maxim Maximovitch Litvinov. What kind of man is this Bolshevik of Bolsheviks? inquires the man on the street. What policies has he used to induce a long list of capitalist states to undertake treaties with the U.S.S.R.? What is his attitude on world revolution and on Communist propaganda in America? And above all, can the United States risk trusting the word and signature of a Communist? These are significant questions which rise in the mind of the American citizen as he reads of the progress of negotiations at Washington. And journalists who have known Litvinov in Russia or at European capitals hasten to enlighten him.

"Litvinov is the most acid but at the same time the most human diplomat that post-war Europe has produced," writes Elias Tobenkin in *Asia*. "Even if he had not been Foreign Commissar of the Soviet Union he would have been the inevitable choice for the delicate negotiations with President Roosevelt, in regard to American recognition. Already he has traveled to more countries than any living ambassador, and every one of his journeys has ended in some major diplomatic surprise. From Stalin down, Communists in Russia have the feeling that what Litvinov says or does in the field of foreign relations would win the approval of Lenin. The two were always in complete accord during Lenin's lifetime.

"Papasha—Papa dear" was one of the revolutionary aliases by which Litvinov, from 1898 to 1917, sought to elude the police of Russia and of Europe. Litvinov is exceedingly proud of this revolutionary by-name, which is included in all his official biographies. Tradition has it that Lenin dubbed him 'Papasha' because it so aptly symbolized his rôle in the young and impecunious Communist Party.

"Litvinov was never a man to sit in a sanctum, editorial or otherwise. Even in the underground existence of a revolutionary he was a man of affairs. He was invariably the business manager of the revolutionary group to which he belonged. He published its paper. He knew how to drum up funds for the socialist cause. He was a first class salesman of the future Russian revolution in the aristocratic circles of Great Britain and other lands."

In fact, this Litvinov has all the attributes of a successful capitalist. Writes Isaac Don Levine in *Today*:

"Had his father, Moses Wallach, followed the course taken by many of his neighbors in Bialystok, Russian Poland, and emigrated to America, his son who now bears the name of Litvinov, might

have become a leading businessman.

"We are idealistic materialists," Litvinov said to the Communists, in the course of a discussion in Moscow in 1920. In a throaty voice, with a jarring accent, he declared that it was impractical to describe him and his associates as mere idealists. And it must be said that there was nothing about this forty-five-year-old man, with his matter-of-fact appearance, which could fit into the conventional idea of an idealist. Those scrutinizing small eyes of his, that insolent nose, that tendency to corpulence, the abruptness and brevity of his speech, all went to form the very antithesis of the proverbial revolutionist.

"There is nothing contagious about the personality of Litvinov. He does not exude. He is not colorful. He is not given to confessional moods. An excellent chess player, he knows how to keep his thoughts to himself. . . .

BORN in 1876, in a squalid town which was to grow into a manufacturing center, he tasted both the dregs and the sweets of an adventurous career. He attended a technical high school in his native city. He volunteered

at the age of seventeen and served his term in the Czarist army. At the age of twenty-two he joined the newly-formed Socialist Party, and imbibed Marxism.

"He followed the typical course of a propagandist, an organizer of workers' circles, an eluder of the police, and finally of a political prisoner. Like Stalin, he identified himself with Lenin's group while in confinement. Like Stalin, he perpetrated a daring escape from jail. And when Bolshevism first came into being in 1903, under Lenin's helm, Litvinov was one of the first to become a member of what history would eventually designate as the cream of Bolshevik hierarchy, the old guard of a triumphant movement.

"His share in the revolutionary activities was that of a business manager for Lenin's underground machine. . . .

"Throughout his subterranean revolutionary existence, Litvinov succeeded while living abroad, mainly in England, in leading the customary dual life of a conspirator with signal ability. He has been a salesman, a clerk, a teacher of languages, a translator, an editor, a writer, and a publisher. In London, he married an English radical writer, Ivy Low, the niece of a former Lord Mayor. His lively wife is a familiar figure at the entertainments given in Moscow for the diplomatic corps. The Litvinovs have two children. When the second child was born, after the revolution, Litvinov was interviewed at the Commissariat of Foreign Affairs, by Louise Bryant. With a sigh, he confessed that he wished he could arrange things so as to visit his family for a few days. His wife had just had a baby, he announced.

"Boy or girl?" asked Miss Bryant.

"The telegram didn't say," replied Litvinov, reddening in the face, "and God knows when I'll have a chance to run over and find out."

"Litvinov shares with all his Bolshevik colleagues a contempt for the bourgeois, for the members of the society of profit. These capitalists are such deluded creatures, they cannot even see their own inevitable doom. They are really to be pitied for their blindness. But they are to be fought relentlessly.

"But Litvinov's fighting tactics are not those of the fiery crusader. From the beginning, he has been a prosaic soul in the midst of a great conflagration. Just as Stalin consolidated in a ruthless



MAXIM LITVINOV NÉ WALLACH

matter-of-fact fashion the victories won by Lenin and Trotsky, so did Litvinov consolidate the laurels of a challenging world-revolutionary foreign policy. To achieve this, Litvinov had to possess all the attributes of a politician."

William C. White, in the *New York Times Magazine*, declares that Litvinov's whole career in foreign relations may be divided into two parts. Says he:

"Until 1928 his objective was to see his nation restored to a place in the diplomatic intercourse of the world. The first nations to restore normal relations were the Baltic States, out of sheer necessity. Then followed the Rapallo agreement of 1922 with Germany. By 1925 most of the nations of Europe had their embassies in Moscow. The United States remained aloof. . . .

"At the same time, but particularly after 1927, the objective of his diplomacy was to prevent the formation of any anti-Soviet bloc in Europe and to ward off a war which would interfere with the Soviet plan for industrialization. War is the one menace to the limited industrial resources of the Soviet Union; Litvinov's disarmament program has thus had its practical motives.

"To offset any coalitions or blocs against Soviet Russia, Litvinov, first of all, had the ability to see that Soviet orders went to the proper places. A commercial agreement with Italy killed any interest Mussolini might have had in the anti-Soviet plans of the French. Even the calm of British diplomats could be ruffled when they saw Soviet orders suddenly withdrawn after a disagreement with Litvinov.

"As a second instrument Litvinov jumped at the idea of non-aggression pacts. He may not put much reliance in fact on the word of bourgeois nations, but at least he has the word of every immediate neighbor of Russia that it will maintain neutrality in case the Soviet Union is attacked without provocation by a third power or a group of powers.

"Litvinov's policy of securing these agreements from neighboring countries has met with only one refusal—from Japan. France signed such an agreement last May. Now that recognition by the United States seems imminent, the improvement of relations with Japan remains the Commissar's chief problem. He may feel that the rapprochement between the United States and Russia, both of whom have vital interests in the Far East, may in itself force an understanding with the Japanese. That would be a capping triumph."

In the matter of Communist propaganda in the United States Mr. Levine writes in *Asia*:

"Litvinov has never adhered to Stalin's theories of the prospects of proletarian revolution in America. A realist in politics, Litvinov knows that the Communist International is moribund, if not totally wrecked. His loyalty is first to the ship of state which he has been piloting for years through tempestuous waters. And that loyalty has also been serving to further his own prestige."

As Litvinov himself said to William P. Simms, reporting also in *Asia*:

"If we can not make a success of Soviet Russia, pray tell me what good it would do us to spend all those perfectly fan-

tastic billions—which I assure you we haven't got and never had to spend in such a manner—on foreign propaganda? Conversely, if Russia blooms under our system, no propaganda will be needed."

It will be remembered that it was M. Litvinov who shocked world diplomats at the Disarmament Conference by suggesting that the nations disarm. An American lady may have been somewhat similarly taken aback when she was bluntly reminded of the position which

the Soviet Government has earned for itself in the past sixteen years. Mr. White records this conversation:

"Of course, you'd make any terms to get American recognition, wouldn't you?" an American woman in Moscow asked.

"Madam, have you by any chance heard that the Soviet Union is a sovereign nation?" he countered. "The fact that we are a Soviet State gives no reason to presuppose that we are in any wise inferior to your own nation."

George F. Warren, Economist

By WHEELER McMILLEN

From THE COUNTRY HOME



ECONOMIST WARREN

DO YOU REMEMBER the sensational message President Roosevelt sent to the London Economic Conference the third of last July?

"Let me be frank in saying that the United States seeks the kind of a dollar which a generation hence will have the same purchasing power and debt-paying power as the dollar value we hope to attain in the near future."

That sounds like a different kind of dollar from that which we have been using. Where did the President get that idea?

When he was governor of New York, one of the men Mr. Roosevelt frequently consulted was Dr. George F. Warren of Cornell. One Sunday, shortly before the President set out on the cruise during which he sent that message to London, a chartered airplane hastily left Ithaca, New York, the seat of Cornell. The passenger was Dr. Warren, out for his first airplane ride. The ship sped southward, landed at the Washington airport. A side door of the White House opened for Dr. Warren. He left later by the same door. No newspaper was ever told of his visit. But those who did know about it, who knew of the President's confidence in Dr. Warren, and who knew how vigorously the professor has been urging a new kind of dollar, were not surprised by the President's message to London.

Other noted economists have urged much the same kind of dollar as Dr. Warren has preached. The originator of the idea seems to have been Dr. Irving Fisher. One of the most eminent British authorities on money, John Maynard Keynes, has favored a currency somewhat similar. . . .

Behind this new doctrine of gold and prices that has made Dr. Warren a figure of international conspicuousness is a story that goes back to the early eighteen fifties, when a young man from Massachusetts named George Frederick War-

ren joined the California gold rush. He shipped in a sailing vessel that plowed southward for weeks through the Atlantic, made its way safely around stormy Cape Horn, and after more weeks of northward sailing finally set him down in the harbor of the Golden Gate. Immediately he hurried out to the gold fields, eager to harvest his fortune. Hard realities broke up that dream.

Some twenty years later, in 1876, the present George Frederick Warren, his child, was born. George F. Warren, Sr., abandoned the gold fields for the toilsome life of a pioneer farmer in Clay County, Nebraska. There George F., Jr., grew up. The whole family worked—worked hard for modest returns. . . .

The family believed in education. Mother Warren, wise to the ways of boys, papered the slanting sides of the attic, where her sons slept, with the serialized life of Abraham Lincoln cut from a newspaper. And, despite low prices, money was found to send George to the University of Nebraska.

THE DRUDGING toil and slow profits of the farm business during the painful nineties sank deep into Warren's experience. He felt that an occupation so necessary to human existence ought to be better rewarded. As a youth, and as a teacher in Nebraska rural schools, he became keenly conscious of the disparity of reward that was then so evident. The solution of the difficulty, he became convinced, could come only through more thoroughgoing knowledge than anyone yet possessed. In pursuit of more knowledge he came east to Cornell, where, except for an interval as horticulturalist at the New Jersey experiment station, he has spent all the years since in the pursuit of deeper understanding. Never has his contact with the soil been suspended; his six sons and daughters have been raised on a farm near Ithaca.

The first fruit of Dr. Warren's studies was "Farm Management," a book that since 1914 has been a standard text in agricultural schools and has been translated into German and Russian. After a time Warren began to suspect that causes even more fundamental than management problems placed burdens on the shoulders of farmers. The most skilful managers sometimes met failure when factors beyond their control sent prices smashing downward and wiped out the results of intelligent effort. He set in to study prices. That study proceeded to an examination of money itself. The tragic price deflation of the early twenties, reminding him of the conditions in the nineties, gave a special impetus to this inquiry, and led finally to his provocative and unorthodox pronouncement on gold itself. Thus, Dr. Warren's gold theory stems from the farms of Nebraska where money was scarce. . . .

WHAT does this gold business mean to us as farmers or homekeepers or business men? Dr. Warren believes that it means the difference between success and failure in a lifetime, between comfort and despair. . . .

"There are four factors in price, not two, as commonly supposed," Dr. Warren asserts. "This error has been the cause of innumerable business failures and of much foolish legislation.

"The price of wheat is the ratio of the supply of wheat and demand for it to the supply of gold and the demand for it."

What a farmer gets for wheat, according to this idea, depends only in part upon how much wheat there is in the world and how much is wanted. We buy it with gold and so the price also depends upon how much gold there is in existence and how badly that gold is wanted. So with other commodities. . . .

After eliminating from his consideration other factors that have been supposed to cause the major changes in the general price level, Dr. Warren makes two outstanding points. First, that there is a deficiency of gold in the world in

relation to the demand for it; second, that the scarcity is the foremost cause of depression. (He predicts that if we adhere to our old ideas low prices will prevail for another ten years.)

So, he asks, why not simply change the price of gold? Why not raise it from \$20.67 an ounce to a higher level? Then, he says, prices will rise in proportion. The Committee for the Nation urges a 75 per cent increase to \$36.17 an ounce, which Dr. Warren has said, "would bring quick recovery, quickly put men back to work, and balance national budgets."

This would be accomplished by the simple device of reducing the number of grains of gold in a dollar from 23.22, the present legal weight, to 13.27 grains. Under a new law passed last spring the President has authority to do this. The figure is selected in the belief that it would restore the 1926 price level, at which the great part of existent debts were contracted.

After the dollar is revaluated, its advocates point out that another step must be taken before there is real stability. This is to establish what Dr. Warren calls the "compensated dollar". If the wholesale price index of the 784 commodities, as published by the Bureau of Labor, were used to determine the dollar's value, the gold content would be raised or lowered from time to time as the general level of prices for everyday commodities rose or fell, with a limit on fluctuation of one per cent per month.

Thus, says Dr. Warren, "If prices fell one per cent, the dollar would exchange for one per cent less gold. The gold would be kept in bars in the Treasury and banks. This would keep the dollar stable in buying power for the average of all commodities."

That is to say, prices of individual items, such as wheat or cotton or potatoes or frying pans, would still fluctuate in relation to supply and demand. But the general level of prices would remain stable. The destructive rises and falls in the values of everything at once would not be expected.

who did not belie his intelligent looks, for he is now Under Secretary for Dominion Affairs in His Majesty's Government. Framed prints display the vastness of Elgin Cathedral, in the splendor of its ruins still the Lantern of the North.

A deep melodious voice—the Scottish accent purringly evident—suddenly behind me breaks the silence. "These prints must interest you, for they were made by a Dutch officer who came over with Charles II and remained in the service of William and Mary." I find myself in the long coveted presence of my host. And in the sudden reaction of the moment I cannot think of any other answer than: "You know Holland, Mr. Prime Minister?"

The question was most illogical, but it breaks the ice, if ever there is ice in the atmosphere of a Scotsman at home. The stern face of Mr. MacDonald relaxes. He answers, knowing that it will startle me: "I once made a walking tour through your beautiful country, and that was long before hiking became a fashion. . . . I have loved walking from my earliest youth," the P. M. mused, looking out from the window, far away beyond the hills and the seas. "Wanderlust is the most precious of all the troublesome appetites of the soul of men. What better service can it render? It saves the soul from being lost." A pleasant sporty laugh: "Gladstone once wrote from Balmoral that he had found a 24-mile walk too much at 53. But I can still easily do a 30-mile beat."

I watch him closely as he reclines. He easily looks the *mens sana in corpore sano*. His strong face, a bit drawn perhaps, is squarely set on sturdy shoulders. A grey-yellowish chequered sport jacket with knickerbocker trousers, light blue woollen stockings and remarkably small brown shoes, the squire's outfit brings him out to greater advantage than a dressy morning coat. For in this easy, colorful dress, cheeks tanned and dark eyes under a mass of abundant silver silky hair, he is every inch a handsome and decorative looking man.

Snapshots at Lossiemouth

By KEES VAN HOEK

From THE DALHOUSE REVIEW, Halifax, Nova Scotia

AT A CROSS-ROAD in Lossiemouth, sixteen hours away from London, I beheld a vision: just a deserted street, a kind sun setting the worn roofs of its very low houses ablaze and whipping a pageant of color out of these interminable lines of washing, the only garlands round the houses of the poor. A woman crouches on the ground, darning socks, one eye watching her little urchin who with a moist finger-tip repaints the small lettering, *The Hillocks*, on the wooden gate of their neighbors.

Their neighbor: The Right Honorable James Ramsay MacDonald, Prime Minister of Great Britain: all his other titles fall away against the magnificent resonance of that mighty post which he holds under the personal friendship of his Sovereign, the trust of his countrymen and the admiration of the civilized world.

There is no sentry in this street, nor even a constable; his guard is the veneration of the simple village in whose lap he seeks a harassed rest from the burdens of office. The cobblestones are hard and uneven, but a Sir John Simon, an Ambassador Dawes, a General Hertzog have trod them. As from the blue, telephone wires plunge into this backyard street, making a beeline to and from that single house, the only outward sign that a man lives here in whose hands such important part of the world's destiny lies. . . .

In the light and sunny sitting-room, bookcases form the main decorative theme; many of the books are the pocket editions of a man who had to build his library with economy. On the chimney stands a portrait of R. L. Stevenson; a fine oil painting portrays a rosy youth

ONLY a stone's throw from Mr. MacDonald's present residence is a little cottage in a tucked away corner of the market square. I stood in the small room where, odd 66 years ago, the P. M. was born, so near the railway that the bumping of the coaches over the sleepers could have rocked his cradle.

There is no squalidness round this old quarter of Lossiemouth. In fact there is a Treasure Island right in front of the ancient maternal house: the market, the railway, a canal, a bridge, the sea on one side: a huge sandstone rock on the other, with churches and houses which must have seemed like so many bastions to youthful eyes.

From here Jimmie went to school at Drainie, "to be licked into shape by Bain's Grammar, the tawse and much respected dominie," as the P. M. himself told me. It was a two-mile walk every day, often through snow and ice. When Mr. MacDonald pays tribute to the old dominie, it is no mere lip service. For one can hear from the villagers how years later, when the old man was slowly

Continued on page 60

The United States of America
enjoyed better health and
had a lower deathrate during
the year 1932 and in 1933

[up to the time this message went to press]

than ever before in its history

Keep up Momentum

WHEN you read that during many recent months, in spite of the financial depression, the American people enjoyed better health and had a lower deathrate than ever before, you may wonder why. One outstanding reason is that our people were well prepared, physically, to resist sickness.

In past decades, millions and millions of dollars were invested to prevent as well as to cure disease. They returned rich health dividends. The movement for healthier living conditions in all parts of the country had gained such momentum that temporary obstacles and difficulties failed to check its progress.

You know that the deathrate from tuberculosis has declined steadily. You know that smallpox, typhoid and diphtheria can be prevented. You hope to see the day when in this country whooping cough, measles and scarlet fever will disappear, as yellow fever and cholera did — thanks to scientific preventive methods. Scientists are faithfully working day and night for these victories.

The lower deathrate is due in no small measure to the present efficiency of hospital and nursing services that have re-

quired years in which to develop. In assuring pure water, safe milk, clean food, swept streets and proper sewerage systems your Health and Sanitation Departments did their part in making health records in 1932 and 1933.

Some of the forces upon which the health of people depends are financed by state, county and local appropriations. But many of the forces which have contributed so greatly to general welfare—the Red Cross, the Tuberculosis Associations, the Cancer Societies and others—are largely dependent upon private contributions.

Today the forward health movement has been slowed down in some localities because of reduced appropriations and smaller contributions. In certain other communities much of the official health work has stopped.

While the people of our country are working shoulder to shoulder, collectively and individually, to restore material prosperity, no greater tragedy could befall them than to sacrifice their greatest wealth — their health. If you would have increasing health and decreasing disease, keep up the power and the momentum of the health movement.



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N. Y.

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FACTS and TRENDS in FINANCE and BUSINESS

o o o As Seen Through Our Roaming Periscope o o o

Deposit Insurance Draws Near

ON THE FIRST DAY of January the deposit insurance feature of the Banking Act of 1933 (better known as the Glass-Steagall bank bill) goes into effect. Thus the plan of guaranteeing bank deposits, tried and found wanting in eight states, has a chance to redeem itself under sponsorship of the federal Government.

Senator Glass seemed to wash his hands of all blame last June when he told the Senate that the executive authorities at the outset, and the majority of his own committee, were all thoroughly opposed to the insurance of bank deposits. But the House was overwhelmingly in favor of such a guaranty, and the Senator agreed that it was "better to deal with the problem in a cautious and a conservative way than to have ourselves run over in a stampede."

For the first six months, from January 1 until June 30, 1934, \$2500 is the maximum that any depositor may collect under the insurance scheme. This is a temporary feature which was to have gone into effect with the passage of the bill, hardly three months after the closure of all the country's banks. But the Treasury labeled that idea disastrous, as well as a physical impossibility to make the necessary preparation, so a six months' compromise was effected.

Each member bank of the Federal Reserve system shall become a member of the Temporary Federal Deposit Insurance Fund on or before January 1, 1934. Each state bank, trust company, or mutual savings bank may become a member. Obviously only members of the Fund are eligible to share in its benefits. The Fund itself is made up of payments by each bank equal to one-half of 1 per cent of the amount of its deposits.

The main provisions of this insurance law will go into effect on July 1, 1934. Depositors in banks that close after that date—if those banks have joined the Federal Deposit Insurance Corporation—will receive in full their deposits up to \$10,000; three-fourths of their deposits between that sum and \$50,000, and one-half of any larger amount. A credit balance of \$100,000 in a bank that closes its doors after July 1 next will thus be recoverable, by insurance, to the extent of \$65,000. It is estimated that 90 per cent of all bank depositors fall within even the temporary minimum of \$2500 and will be fully insured after January 1.

OUR Federal Deposit Insurance Corporation starts with a donation by Uncle Sam of \$150,000,000; that is, the Treasury subscribes for that



By Chase, in the New Orleans Item

"MY BOY, I HAVE PLANS FOR YOU"

amount of the Corporation's capital stock. Each of the twelve Federal Reserve banks is required to chip-in a sum equal to one-half of its surplus on January 1 last. In addition, every bank that is a member of the Federal Reserve system is required to become a stockholder of the Corporation, subscribing for stock equal to one-half of 1 per cent of its deposit liabilities. Half of this is to be paid immediately, with the remainder subject to call if needed.

Finally, it is expected that state banks, trust companies, and mutual savings banks will wish to obtain the benefits of deposit insurance and convert themselves into national banking associations. If state laws do not permit such a bank to purchase stock, the Corporation will accept the money as a deposit and extend the same benefits that would come to it as a stockholding bank.

Federal Reserve member banks have deposits of about \$25,000,000,000; so that their subscription will amount to \$125,000,000, half of it payable at once. Besides its capital stock the Corporation may issue three times that amount in tax-exempt notes, debentures, and bonds.

The Corporation has three directors, one of whom is by law the Comptroller of the Currency, the other two being appointed for six-year terms and compensated at the rate of \$10,000 annually. Walter J. Cummings is its chairman. Its moneys shall be invested in securities of the Government of the United States or temporarily deposited in a Federal Reserve Bank or with the Treasurer of the United States. Stockholders—including the Government but not including the twelve Federal Reserve banks—are en-

titled to 6 per cent dividends if earned or to 30 per cent of net earnings.

This Federal Deposit Insurance Corporation henceforth becomes the agency of the Government that is charged with liquidating or rehabilitating closed banks. The Corporation is to be appointed receiver in each case, by the Comptroller of the Currency. Therefore the insurance feature is in effect a prompt payment to depositors (out of a reserve fund set up in advance) of the assets of a closed bank. A material difference is that the share-and-share-alike principle is dropped overboard, with the small depositor paid in full and the large depositor receiving only half of what is due him.

Whenever the Corporation shall have paid out moneys to such an extent that its deposit insurance account shows a debit balance equal to one-fourth of 1 per cent of the total liabilities of its stockholders, it shall levy an assessment of that amount upon its stockholders.

The Corporation may buy the assets of closed banks or may lend upon them, and obviously as receiver it may sell such assets. Benefits which are held out to banks that are not members of the Federal Reserve system, or do not become members, shall expire at the end of two years, on July 1, 1936. But for members of the Federal Reserve this insurance scheme bears all evidence of being permanent.

Of course the time has passed for argument and debate; the deposit insurance plan will be in operation within another month. The main contention of those who favor it is that confidence in banking will be restored. There should be no panicky withdrawal of deposits in a crisis; for the Government itself participates in the guaranty fund. Those who criticize the scheme, and are fearful of it, believe that it encourages bad banking and penalizes the good bank. Why should the average depositor exercise care in the choice of his banker, why should he place his money in responsible hands, if it is safe anyway?

Thus the mutual savings banks of the country, which rarely have known a failure, are asked to put into the common pocketbook one-half of 1 per cent of their eleven billions of deposits, or \$55,000,000, so that some questionable commercial banks may be protected. Savings banks in New York State, representing six million depositors, decided in November to apply for membership; though their spokesman announced that they were "dead against deposit insurance as a permanent policy".

In the same way the Big Three among New York banks—Chase, National City, and Guaranty—will be required to assume one-eighth of the entire risk of insuring deposits in the member banks of the Federal Reserve system.

Up to November 6, 4537 banks not members of the Federal Reserve system had applied for membership in the Federal Deposit Insurance Corporation. This was 54 per cent of the 8390 state banks of the country. Banks that are members of the Federal Reserve join the Corporation automatically, it will be remembered.

Surely this deposit insurance is a wonderful idea for depositors in small or poorly managed banks, and for the small depositor in any bank. All others are sitting with fingers crossed, hoping that the experiment will work under federal Government auspices, though it did not work in eight states.

Financial Straws

THE FIRST third of the Government's fiscal year ended on October 31. Income-tax receipts were lower than last year and customs revenue somewhat higher. But new taxes brought what is known as "miscellaneous internal revenue" up to 532 million dollars, more than twice as much as last year. Total revenue was 927 millions for the four months; ordinary expenditures 1409 millions; deficit 482 millions. Emergency expenditures were 399 millions more.

At that rate the deficit would amount to nearly a billion and a half by the end of the present fiscal year, next June; but in the second half there will be sizable revenue from liquor taxes, after repeal.

• • A POSTSCRIPT to our statement of New York City finances, in these pages last month, should tell that the Mayor's tentative budget of 514 millions grew to 554 millions by the time it was adopted. A "saving" of 13 millions, by omitting pension provisions, was abandoned when court action was threatened. Similarly an omitted reserve for tax delinquencies was restored.

• • ASSOCIATED Gas & Electric System calls attention in public advertisements to the increasing burden of taxes. Nearly half of its quarter-million security holders are also customers. Associated reports net operating revenue, for the year ended September 30, of almost 40 million dollars, 4 million less than last year.

• • BAITING of public utilities, combined with earnings diminished by new taxes, have played a large part in forcing down the market value of their securities. On the New York Stock Exchange alone, listed shares of twenty-nine public utilities were worth 334 million dollars less at the end of October than at the beginning. This was on top of a decline of 645 millions in September.

• • RAILROAD operating income for three-fourths of 1933 was 340 millions, compared with 197 millions in the same months of last year. In percentage on property investment this was 1.78 per cent, up from 1.03 a year earlier.



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LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Shall We Limit a Man's Salary?

Continued from page 28

National Bank, Mr. Winthrop W. Aldrich.

First of all, Mr. Wiggin testified he was receiving a life pension of \$100,000 a year, voted by the bank directors upon his retirement. This disclosure caused such complaint particularly from stockholders that a few days later Mr. Wiggin informed the Senate committee he had renounced this handsome token of generosity from his former board of directors. Though his bonus dwindled and finally disappeared, Mr. Wiggin's salary went up steadily during the late boom and early depression years. Figures were as follows: 1928—\$175,000 plus \$100,000 bonus; 1929—same; 1930—\$218,750 plus \$75,000 bonus; 1931—\$250,000, no bonus; 1932—\$220,300, no bonus; 1933—\$202,500 rate until he retired.

In addition, Mr. Wiggin received many director's fees and other allowances from various corporations, including the following items: American Locomotive, \$300 a month; American Sugar Refining, \$300 a month; Armour & Co., \$40,000 a year formerly, \$1,000 a month later, nothing now; American Express, \$3,000 a year; Brooklyn-Manhattan Transit, \$20,000 a year; International Paper, about \$2,000 a year; Stone and Webster, \$1,500; Underwood Elliott Fisher, about \$2,000; Western Union, about \$3,000.

Subsequently Mr. Wiggin made chicken-feed out of these figures by telling the Senate committee that he had profited \$10,425,657 in five years by trading in Chase National stock through personal corporations. In all, it was not a small nest egg for a thrifty New England boy who began as a bank clerk at the age of seventeen and rose to head the largest bank in America.

Under the steady accumulation of evidence regarding the earnings of leaders in industry and finance, the conviction has grown in official Washington that practices exist which are not in the best public interest nor in the interest of stockholders. The view, encouraged by information developed in various ways, is that in some instances, management has taken the public's money by selling stocks and bonds, and has operated inside with a view to lining its own pockets.

One of President Roosevelt's most trusted advisers on banking legislation, A. A. Berle, Jr., has recommended further restrictions to check large salaries and speculative profits in banking. He would like to see the day when a banker who made a large fortune out of his business would be subjected to question, the same as a public official who grows rich while in office. While still Governor of New York, Mr. Roosevelt laid down a significant principle when he removed a sheriff of New York City who was unable to explain large sums of money which had come into his possession during his term of office. Governor Roosevelt took the position that when a public official acquired large sums of money he was under obligation to explain the sources of such wealth if questioned. In the eyes of the Administration, large corporations

are vested with a certain degree of public interest. Bankers are regarded as being clothed with this public interest to an even greater extent.

While few defend some of the specific salaries disclosed, there is a body of opinion which takes the position that this is a question which should be left to stockholders to deal with instead of being shouldered by the federal Government which is already heavily loaded with new responsibilities. In a corporation like U. S. Steel, the size of the president's salary is only an incident in the annual turnover. Here is a corporation with perhaps 150,000 men on its payroll. At the peak its gross income was nearly \$1,500,000,000 a year. The salary of its chairman, Myron Taylor, is not known but it could not bulk large as an item in operations on such a scale.

There is no standard commonly accepted by which to judge the reasonableness of salaries in private business. As thoroughly as Mr. Eastman knows the railroad business, he says there is no definite formula by which to fix a proper salary for a railroad president.

"We live under a social system which in general accepts the principle that as work becomes more difficult and responsible the money compensation should increase," Mr. Eastman says. "But to what extent should it increase? The operation of the law of supply and demand may be given as the easy answer to that question, but I doubt whether conditions permit that so-called law to have very effective operation in the selection and payment of railroad executives. The only answer I can give, in the case of railroad salaries, is that they should be no higher than is necessary to secure the right man for the job, and that is not a wholly satisfactory answer."

If this is the situation in a business as thoroughly standardized as railroading, what must be the difficulties in selecting a norm in newer, more speculative, and

less rigid industries? The Administration has given thought to the possibility of inserting a provision in the revenue laws forbidding corporations to deduct from taxable income, salaries and bonuses in excess of a reasonable amount. It is questionable whether Congress could fix any definite schedules of reasonable salaries for various industries without running hopelessly into inequities. To leave the matter in the hands of an administrative official would be to set up a Government salary arbiter; and by comparison with such a task, General Johnson has a picnic.

An approach to the problem by this route would merely remove the premium which is now placed on high salaries by the fact that they are deductible in calculating corporation taxes. Stepping-up individual income taxes in higher brackets is advocated by some groups for other reasons, but as a weapon to force down excessive salaries it probably would defeat the purpose because many high salaries were given when executives complained that surtaxes were cutting severely into their real earnings.

Another view at Washington is that the simpler course would be to leave the matter to publicity and to the stockholders. At present stockholders have difficulty in obtaining information about salaries which are usually fixed by boards of directors and kept as corporation secrets. Publicity of salaries would arm the stockholders for action in cases where the figures were regarded as excessive. Senator James Couzens of Michigan probably has had more large-scale business experience than any other man in Congress. He says:

"I believe salaries of corporation officers should be a matter of public record, because of the inability of millions of stockholders to secure detailed information as to the conduct of the corporations. As long as corporations go to the public for money, the public is entitled to know what is done with it."

Those who take that view believe that publicity would automatically police the situation as it did when Mr. Wiggin renounced his \$100,000 annual life pension after the public learned of it.

Toward Planned Harvests

Continued from page 21

sweeping policies of planned land use. Thus far we have made acreage cuts pro-rata, on the basis of existing plantings. Anyone who has ever considered the question knows that in time we must push on from there to more selective adjustments. A recent announcement from the White House gives an idea of the direction these adjustments must take. The President has said that as rapidly as good new lands are brought into cultivation by drainage or irrigation a correspondingly productive area will be taken out of cultivation and kept out.

This will not mean bringing an acre in and taking an acre out. An acre (or area) of rich new land brought in may mean three or more acres of unproductive farming areas retired to suitable use.

"Meantime," as R. G. Tugwell has writ-

ten, "it is not merely a fond, pastoral hope to say that we are marching, without changing base, toward a land of greener fields and bluer streams. For reasons wholly practical our trend is from cultivated crops to meadows, lawns and pastures; and the steps we are taking to prevent erosion will tend to clear our running streams."

"Quite as important in another way is a renewal in modern terms of an old American dream; that citizens should be given access to this soil, and allowed in their various ways to live in peace and security in homes of their own. These are aims, at least, which make profoundly stirring our crop adjustment program, our experiments in decentralization, our dream of a New America—a land in order, wisely used, with the hills green and the streams blue."

What Is Wrong with Retailing?

Continued from page 30

may decide to give an alteration service. But if we do, we shall sell it exactly as we sell the garment itself. And the price at which we sell it will bring a legitimate profit, exactly as do all the departments in our store today. The same is true should we some time decide to make deliveries. At that time we shall sell the delivery service to each woman who wants it. She will know exactly what it costs her. She will know what she can save by carrying home her purchase. And we will make no secret of the fact that we intend to make our small profit on the sale of the delivery service, precisely as we hope to earn our small profit on the sale of merchandise today.

In other words, retailing is suffering from an excess of service given without charge and from extravagant selling methods in general. There are too many doo-dads in retailing—too many fetishes.

For example, there is the fetish of concentrating store advertising during certain days. The day preceding Columbus Day is an example. This year the stores actually ran riot with "Columbus Day" advertising. The newspapers were huge. And the advertising "shouted bargains" and featured exaggerated claims until one was staggered. One daily New York paper carried more than 90 pages.

We do not believe in thus bunching our advertising. Neither do we believe in bargain price advertising. On the contrary, although we must sell on a low-price basis, inasmuch as ours is a cash-and-carry business, we have not so much as mentioned a price in our advertising for the last five years. Our advertising is sane, level-headed, institutional. The dollar sign is totally absent. Yet the advertising is resultful.

Then there is the common practice known among department stores as "promotions". Under this plan a store will buy five times as much merchandise of a certain type as it will ordinarily sell. It does this for two reasons: first, in order to get the merchandise at a lower-than-usual price; and second, to be able to display huge masses of merchandise, which is an undoubted sales aid.

But not all of the merchandise is sold during the "promotion". Then the store must fill-in, if it is to sell the remainder, and average the costs of the new merchandise and the old. Soon it finds itself involved in a vicious circle and must take huge losses on left-overs. These losses, which are known as "mark-downs," must be paid for by Mrs. Jones, because they become a part of the store's cost of doing business. A loss taken on one item must be made up on another if the store is to remain in business.

Another evil that is directly attributable to these promotions is that the manufacturer suffers and frequently must "take it out" of his labor. This is due to the fact that the broken lots, damaged articles, etc., that are left in the "wake of the battle" compel the retailer to demand from the manufacturer a lower price in order to "sweeten" the stock.

STOCKS UP 1 to 5 POINTS

Trading Heavy at Close

High Grade Bonds Sag, Reflecting Inflationary Movement Foreign Gold Issues Up Sharply

WHEN IS the news—good news for you? Several times in recent weeks the headlines have read like those above. Many weak stocks are being pushed up in the present market activity.

How much do you really know about the securities you own or about those you are thinking of buying? Many corporations because of good management, valuable patents, small obligations, and other reasons, enjoy excellent prospects of resuming dividend payments soon. The prudent investor discards weaklings and buys stocks of approximately equal value, but with better chances of recovery.

Don't mistake rumors for facts. Don't mistake gossip for advice. Back up your own judgment by consulting an experienced investment counsel.

A reputable investment service costs several hundred dollars annually. Even though complete coverage of the market may not be your need, by all means consult an experienced investment counsel about doubtful holdings.

The "Review of Reviews and World's Work" is not in the business of selling investment advice but it is sincerely interested in serving its readers in the fullest measure.

Impartial, Unbiased Counsel

We have retained as investment counsel a man of unquestioned integrity. He has had ten years' experience as financial editor of a leading magazine. He spent five years with a New York investment house. His time and knowledge are at the service of our readers. A small nominal charge is necessary. Take advantage of this service, as so many of our readers have.

Here are typical inquiries recently received from subscribers:

"I bought U. S. Steel common at \$140 and at \$85. Present price is around \$50. Do future prospects warrant holding these shares at a higher figure within a year or so, or is it preferable to sell at present levels, take a loss and invest the proceeds in other stocks which will give a larger increment within the coming year? What stocks will be recommended for such a switch?"

"I understand that Drug, Inc., is to be split up into four or five of its component companies, each to have separate existence and separate shares. I would appreciate details, how many shares of each will be distributed for each 100 Drug, Inc. My average price paid was around \$67. Do you favor purchase of more of the stock of any one of the component companies following the split up?"

"What are the prospects of United Corporation (I have several hundred shares, average cost \$10.50); F. W. Woolworth (purchased around \$65); Commercial Solvents (average price, \$12); Owens Bottle, and Air Reduction?"

"Please let me have your report on Duke-Price Power Co., Ltd. 6% First Mtge. Bonds 1966; and Southeastern Power & Light Corp. 6% Debentures 2025; and American Power & Light 6% Debentures 2016."

"I would like your views on American Tel. & Tel. stock, as to the wisdom of selling as it is rumored that the government is to investigate this company. Or would you advise holding this stock as an investment? Is Consolidated Gas Co. of N. Y. a good investment buy at the present market price?"

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What Is Wrong with Retailing?

Continued from page 53

The manufacturer, not wanting to lose an important outlet, seeks ways and means to reduce his prices; and all too often in the past those ways and means have centered around a reduction in the rate of pay to labor.

Still another evil that may be traced to special store promotions is found in the fact that the public has been educated to withhold its purchases in certain lines until these special events are held. Thus thousands of women, correctly, will buy linens only during the "white" sales in January, furniture during the sales in August and February, and so on. This concentration of buying produces a splendid volume of business for the stores but little net profit, inasmuch as the merchandise is priced very closely. The net result is that the store overhead is run up still higher and the public, as always, pays in the end.

These are merely two of many practices in retailing that have become traditions, and which make the cost of doing business in the average department store prohibitive. The department stores of this country move some billions of dollars of merchandise. For the last three years they have scarcely made a profit on these enormous sales.

Right there is apt to be found the answer to the query: "What is wrong with retailing?" In plain, everyday language, the cost of selling in retail stores, and particularly in department stores, is too high. There is no reason why a store catering to the masses, as most department stores do, should have to add approximately 40 per cent to its cost for merchandise before it can even start to earn a profit. The masses cannot afford to carry this load.

It is pleasant to read about manufacturers taking on extra help to turn out more merchandise. But that merchandise must be sold to the retailer as rapidly as it is made by the manufacturer, if the newly hired employees are not soon to find that they are again numbered among the unemployed.

The retail store is the bottle-neck of the economic system. It was badly clogged in September and October of this year. Only the Fall rise, plus the advent of the Christmas business, saved thousands of stores from an untimely demise. But that same trouble will crop up again after the turn of the year if my premise is right that the primary cause of the jam in the bottle-neck is that the costs of store operation are too high. Bring down those costs, get merchandise to Mrs. Jones at 20 to 25 per cent less than she now has to pay, and we will find plenty of money in this country with which to buy.

If the retailers of the country had been half as excited during the last three years over their mounting costs of store operation as they were during the last three months over the Retail Code, and if they had been equally energetic in pressing for a solution, merchandise would be bought today with less reluctance by Mrs. Jones.

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Of the Review of Reviews and World's Work, published monthly at New York, N. Y., for October 1, 1933.

County of New York } ss.
State of New York }

Before me, a notary public in and for the State and county aforesaid, personally appeared Henry J. Brown, Jr., who having been duly sworn according to law, deposes and says that he is the Business Manager of the Review of Reviews and World's Work, and the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit: 1. That the names and addresses of the publisher, editor, managing editor, and business manager are; Publisher, The Review of Reviews Corporation, 233 Fourth Ave., New York; Editor, Albert Shaw, 233 Fourth Ave., New York; Managing Editor, Howard Florence, 233 Fourth Ave., New York; Business Manager, Henry J. Brown, Jr., 233 Fourth Ave., New York. 2. That the owner is: The Review of Reviews Corporation, 233 Fourth Ave., New York; Albert Shaw, 233 Fourth Ave., New York. 3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages or other securities are: None. 4. That the two paragraphs next above giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also, that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest, direct or indirect, in the said stock, bonds, or other securities than as so stated by him. Signed, Henry J. Brown, Jr., Business Manager. Sworn to and subscribed before me this 9th day of October, 1933. Signed Myrtle Mortimer, Notary Public. (My commission expires March 30, 1934.)

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The FINANCIAL WORLD
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Harvard's President

Continued from page 40

simplicity of character and of life of the new president. In this simplicity are found the genuine humility of spirit and the modesty of manner which belong to him as a personal and administrative asset.

To the new president thus endowed are presented two problems of special significance. They are, first, the problem of the improvement of the quality of teaching; and, secondly, the problem of the advancement of knowledge.

In the last decades of the last century and in the first decade of the present, Harvard enrolled as members of its faculties the greatest American scholars and teachers. In a single generation one recalls such names as James Russell Lowell, Louis Agassiz, Benjamin Peirce, Asa Gray, Wolcott Gibbs, Langdell, Goodwin, Henry Adams, William James, Charles Eliot Norton, Francis James Child, George Martin Lane, and George Herbert Palmer. These, and many other names of equal significance, represent a force of scholarship and of teaching unique in American college history. But in the more recent years has occurred a lamentable decline. The illustrious list has been devastated by death and by age. It will be the function of the new president to restore, if scholars can be found, this unique greatness. The service is a most difficult one; but it is as important for Harvard, and for the higher learning in the United States and the world, as it is difficult.

That is the first problem of special significance which we discover to be facing the new president.

A SECOND problem belonging to the new administration is the problem of the advancement of knowledge. This problem is in part a problem of method. Shall research be conducted as a service independent of undergraduate and graduate teaching? Shall it be carried forward, as it is usually found in the German Institute, unrelated to the instruction of students? On the other hand, shall research be intimately associated with graduate and undergraduate instruction? American universities, as likewise Oxford, are divided in the answer which they give to this primary question. For the new president the problem is both timely and urgent. Yet whatever answer is given, it is clear that the enlargement of the broad field of knowledge is to be achieved. The method in administration is not fundamental; but the conclusions of a method are fundamental. For at Harvard it may prove to be in the future, as it has been proved to be in the past, that the great results in the enlargement of the field of truth may be achieved by both methods.

Simplicity in character, the sense of reality, genuine humility and sincere modesty, as well as other elements intellectual and ethical, President Conant bears to the historic office. The promise of an administration which will worthily follow the terms of his greatest predecessors is rich.



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TROTting RACES on the frozen lake at St. Moritz, Switzerland, are regular events during the season of white.

Sport in Winter—1933-34

WINTER SPORT has a long and honorable history as evidenced by the skaters of Holland, the ski-men of Norway, and the sleigh-riders of every snowy clime. Even the insidious snowball—weapon of the genus *Small Boy*—has a right to claim an honorable lineage along the lines of winter warfare. Madame Du Barry had her one-horse sled, a single-seater, and so did her courtly rivals for royal favor in the days of Bourbon France.

But winter sport, as an organized pastime, is of comparatively recent development. The twentieth century was a period of innovation; and since 1910, with the Swiss Alps as a laboratory, the observances in this form of outdoor diversion have been codified and exploited. The number of Swiss resorts, for example, more than doubled in a score of years due largely to the electrification of the Swiss Federal Railroads—which gave access to many of the smaller resorts and facilitated the arrival of eager tourists. From 1910 to 1927, the number of British tourists in Switzerland increased by 180 per cent—an eloquent testimony to the hospitality and good sports-management of the sturdy heirs to Wilhelm Tell.

Along with Switzerland go bordering resorts, including Kitzbuehel in Tyrol, and the Arlberg district of skiing fame. In certain of the higher altitudes, sport goes on into May and June. The Austrian Semmering and the Italian Cortina d'Ampezzo are not to be overlooked—the former being one of the oldest ski jumps and bob-sled runs in Europe. Chamonix,

gay and colorful, is perhaps the most famous of the Swiss resorts. Muerren, facing the mighty Jungfrau, cannot be overlooked with its record of Oxford-Cambridge hockey games and its funicular railroad up-up-up. Then there is St. Moritz, with its gay ice carnivals, and Lausanne, which has wintry fun in addition to grave international conferences. The noble dogs of the equally noble monks of St. Bernard, although they do not belong in this article, are perhaps the best and truest of all winter sportsmen—who risk their lives to save snowbound mankind. Credit where credit is due. The Schatzalp bob-sled run at Davos deserves mention here.

National prowess in winter sport may best be judged by the results of Olympic Games, in which Norway, America, Finland, Austria, Sweden, and of course, Switzerland and Canada, have been prominent point winners. Chamonix and St. Moritz have served as hosts to the Olympic competitors. The Ski Club of Great Britain deserves honorable mention for its contributions to system and for its studied promotion of sports enthusiasm.

Lake Placid, in New York State, is the headquarters of American winter sport. Here the Adirondacks furnish a majestic background analogous to that of the mighty Alps in *Helvetia*. Curling, figure skating, ice hockey, bob-sledding, tobogganing, are all popular here; and skiing and ski-joring (horse-drawn skiing) reign supreme. The hospitable clubhouse can accommodate, with its annexes, close

to 1,500 guests. The Olympic Games have been held here, a mecca to sport lovers in winter and in summer.

Woodstock, Vermont—Picketts, New Hampshire, and Winchendon, Massachusetts, also deserve mention. Briarcliff Lodge, New York, is another outstanding resort in this chilly connection; and the sturdy sons of Wisconsin, Michigan, and Minnesota must not be overlooked in their contributions to the game. California, which has everything on earth within its borders, is winter sport-minded; and Mt. Rainier in Washington is another western haven whose eternal snows receive the enthusiasts.

Montreal and Quebec are great centers of Canadian winter sport, where hockey is the national sport and skiing is in the ascendant. Curling *Bonspiels* are held in Montreal, Toronto, Winnipeg, and other cities. This old Scotch game of ice and broom flourishes across the seas among the loyal sons of sons of the heather. The Ottawa Ski Club has well above 2,000 members. In hockey, where Canada reigns supreme, the Olympic Games finale is often fought out between Canucks and Yanks—generally to the detriment of the latter. Snow-shoeing and tobogganing, borrowed from the aboriginal red-skinned winter sportsmen, thrive from November to March. Chateau Frontenac, Quebec, is a famed headquarters—one among the Canadian many.

Switzerland, Canada, the United States. These are well known in Polar Research for Pleasure. Another deserves honorable mention. Believe it or not, it is INDIA—where tigers and tropics abound, and His Majesty's officers are fanned as they recline in white linen suitings.

Gulmarg, 8,000 feet up, is in romantic Kashmir. It lies half-way up the Pir Panja Range, amidst beautiful scenic effects. Across the valley lie the mighty Himalayas, renowned in song and story. It is in this setting that India offers her contribution to snowy sportdom.

The Ski Club of India was organized in 1927, and so popular has become the resort that a local hotel is now in evidence, along with comfortable huts and chalets. Climatic conditions hereabouts are described as similar to those in Switzerland in wintertime. The Ski Club is open to visitors of all nations, and ski races are held in December and in March. Skating and ski-joring are provided for, and tourists are advised not to appear *à la Gandhi*. Members of the Club act, hospitably, as guides and instructors to winter novices and would-be Santa Clauses. Snowmen, change all your views about the sultry vales of dusty Hindustan. Thar's snow in them thar hills!

Versatile Germany, which since the war has made marked progress in all things sporting, should certainly be mentioned in connection with wintry pastimes. The versatile Reich offers a wide variety of districts devoted to the sled and the ski. The *Deutscher Wintersport-Verband*, the largest association of its kind in the world, organizes the home meet-

Continued on page 60

Games
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The Drift of Federal Finance

Continued from page 18

again going up, and by the time the present program reaches full stride it will again be above 1 billion annually. This is more than double what it cost to run the entire federal Government prior to the war.

The daily statement of the United States Treasury (the last available, dated October 27, 1933) gives the Government's current assets:

Gold coin.....	\$ 802,680,682.21
Gold bullion.....	2,393,970,013.72
Total	\$3,196,650,695.93
Silver dollars.....	\$ 506,992,008.00
Total	\$3,703,642,703.93

There are other items which might bring this total up another billion, such as subsidiary silver coin, silver bullion, minor coin, etc. The only other asset the Government has is the ability of its citizens to pay.

The Treasury report of October 27, 1933, also shows on that date the public debt was \$23,051,396,621.77; and that the public debt for the corresponding period

last year was \$20,813,560,036.51—an increase of over 2 billion dollars. The recapitulation indicates that we are obligated to spend \$11,574,741,000 under the "new deal" authorizations, which would bring the total public debt to the incredible total of approximately \$30,000,000,000, a peak of all time, and a load that would break the back of the nation.

The debts of a government can be paid only in one way, and that is the rocky road of taxation. Generations yet unborn will be carrying the load of debt we are piling up today. Taxes can only be paid through the toil and worry and sweat of a people.

The policy of a government becomes the policy and philosophy of a people. If a government manages its financial affairs loosely, the people do likewise. If it is an economical, sane, business government, then the people become sane and economical and business-like in all their dealings.

It is the people who must pay these tremendous debts, and it is the people who must say that this debt accumulation must cease, and that we shall return to sane living as a government as well as a people.

The Near East Learns How

Continued from page 39

auditorium for the boys; a model dairy barn, a half-dozen model cottages, each with a garden plot.

The Foundation aims to make the school life a model of village life. Boys and girls are educated to return to their own environment. They live as they will live at home, only in cleaner, more sanitary and more comfortable cottages—though scarcely more expensive—than those of their mountain villages. The boys will build other cottages needed by the school, at a cost of less than \$1500 for one housing fourteen boys and a leader.

The boys put in half their time working on the school farm, and half their time at academic work. They are organized as a village community. They police the malarial zone under the supervision of the instructors, and have entire charge of the milk supply and the meat supply in the nearby town. They go out to the neighboring villages and discuss with the peasants there the problems of disease among the cattle, a blight in the vineyard, difficulty with droughts. They look over the village garden—quite often a project of the Foundation itself—with the school master and his pupils. Instead of being six years away from home in an exotic and alien environment, the boys are in constant contact with the problems of the village every day of their undergraduate life.

Last year the girls' division had seventy-five students. These girls are taught home-making and school-teaching. Albania is quite advanced about its women.

The girls do practice teaching in the nearby villages while the boys are looking after the slaughtering and talking about the hoof and mouth disease. And naturally their teaching includes a good deal of instruction about home making, hygiene, child care, sewing, cooking, raising chickens, tending a little truck garden.

No boy or girl is admitted to the Albanian Institute without having gone through the Albanian elementary schools. These schools are taking the boys and girls a step farther each year. Sixth grade, approximately, used to be the limit. Soon they will have the equivalent of a complete grammar school course.

This is a wonderful opportunity for boys and girls from the mountain villages and they are full of appreciation. Every one of them who can scrape together the necessary \$200 tuition pays his own way. And those who cannot and are supported by scholarships sign an agreement to work for five years for the Government, in some social enterprise, on the completion of their course.

The Near East Foundation is supported by voluntary gifts from the American people. It offers to its supporters scientific evaluation, expert planning and business management of all gifts entrusted to its care. It operates on the basic principle that no work is sound unless it ultimately draws its financial support and leadership from the people it is designed to serve. The complete operating budget for 1933 was \$441,288.65.

The World Watches Germany

Continued from page 24

the Reichstag, which is widely attributed—whatever be the actual truth—to Nazi initiative. The trial of Communists at Leipzig is regarded in Russia as persecution. It has interrupted the sympathetic association between Russia and Germany which was inaugurated in 1922 at the Treaty of Rapallo. Russia is turning elsewhere. For the sake of her concentration camps, crowded with political offenders, Germany has sacrificed her security to the east.

Before the war, Jews in Germany were denied appointments as officers in the fighting forces. They turned, therefore, to civil occupations—medicine, law, teaching, and commerce. With the demobilization of the army, the sinking of the navy, and the prohibition of combative aircraft, the upper classes of Germany had to seek—like the Jews themselves in the past—other means of livelihood. To raise an Aryan outcry against Semitism was fatally easy and a furious persecution of the Jews at once spread horror throughout the world. A Reich, claiming *Kultur*, insults Einstein the mathematician, Mendelssohn the composer, Isaiah the prophet, and numerous authors of our own day—whatever be their genius, the nobility of their character, and their loyalty to the Fatherland—because they have the blood of Jesus Christ flowing in their veins.

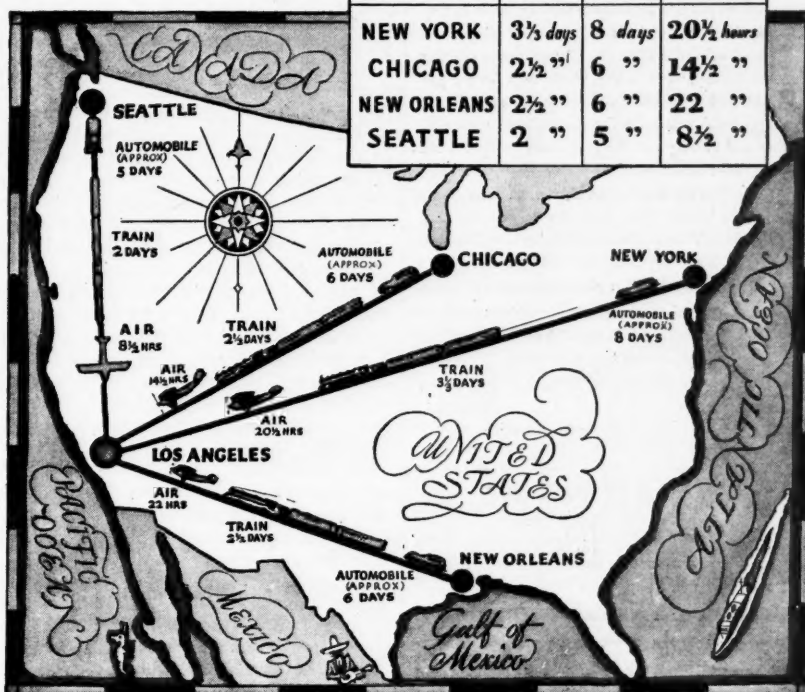
At the very moment when the Nazis alienated Italy and Russia, they are thus challenging the conceptions of citizenship which are fundamental to English-speaking commonwealths. Magna Carta, the Bill of Rights, the Declaration of Independence, and the Constitution of the United States are doubtless dogmatic, and these are days when dogma is held to be out-of-date. But within these historic parchments there is enshrined, after all, a principle of inestimable value. Every person, whatever his race, his allegiance, his religion, is equally entitled to the expression of personality and the pursuit of happiness. Of this principle, the caricature of Fascism, perpetrated by the Nazis, is by its very nature an obliteration.

Amid this confusion, there emerges the age-long struggle between Germany and France. When Charlemagne divided his empire into three parts, leaving the Rhine to the weakest of his sons, he did a bad day's work for Christendom. Since that day, a thousand years ago, Europe has been afflicted with a no-man's-land. By King Louis XIV, by Napoleon, by Bismarck, by Marshal Foch, and by the Nazis, generation following generation, *Die Wacht am Rhein* has been the most solemn of all sentry duties. Along the Hindenburg line of yesterday, France has constructed an anti-Hindenburg line of fortifications; and this defensive wall—a marvel of elaborate impregnability—is the grim yardstick with which we may measure the deep and deathless dread of the Teuton that determines and explains the policy pursued in Paris.

SOUTHERN CALIFORNIA How far? Here are the facts

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CHICAGO	2½ "	6 "	14½ "
NEW ORLEANS	2½ "	6 "	22 "
SEATTLE	2 "	5 "	8½ "



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Snapshots at Lossiemouth

Continued from page 48

dying, the young Ramsay on leave from London used to come and sit for hours at his bedside, reading out loud to the old Tory.

One of his schoolmates whom I met in the draper's shop opposite the harbor, said: "Achas, the dominie was one of the laziest characters you could think of. It was Jimmie himself who could work hard and did work hard. He became a pupil-teacher at the school. His mother believed in him, and so made him, more than anybody else. She was a fine body, tidy and thorough. Only on Saturdays or holidays was Jimmie allowed to help in the fields, lifting potatoes; other days home work meant everything. . . ."

"He will be Prime Minister yet," his mother used to assure her confidants. When still no more than an ordinary schoolboy, he organized among the loons of the village the Lossiemouth Union Jack Field Club. I have had the minute-book in my hand and skimmed through it to find the embryo of the future leader. "Excursion held on Sept. 1st to Loch of Spynie, James MacDonald leader." Soon the budding journalist makes his appearance, for there was a magazine night: "The Editor, Mr. J. MacD., opened it with a paper from himself about the magazine and the advantage to be derived from it." His own bent, founded on the burning element of his love of nature, was toward geology, although he managed to impart an interest in everything that came to hand. None of his friends doubt that his rise in the world of statecraft meant the loss of a brilliant scientist.

DURING the last days of their London Holiday I was privileged to witness that MacDonald household in the kitchen of *The Hillocks*. Sir John Lavery, looking almost Pickwickian, engrossed as he was in the filling up of a canvas made my heart leap with joy!

There was lovely blue porcelain on the chimney shelf, and around an abundance of the usual hearth utensils in all colors of copper from flaming red to pale gold. On an oak bench Miss Ishbel sat, doing some needlework, leaning against a cushion, riot of color of the MacDonald tartan. She is not very photogenic, and the press illustrations do not half do her justice. For in typical charm and healthiness of the bonnie Scotch lassie, none can be her superior. Jeanie, the old maid, leaned over talking to her, and at the other side of the hearth the Prime Minister was reading his mail. Some Bibles and religious books stood on a rack in the corner, for they are staunch Free Church supporters and do not easily miss their Sunday service.

Mr. MacDonald had been at his desk from 7 a.m. to 2 p.m. this particular day. "I am a very early riser and a very late bedder, for I love to be at home at eve when the day has closed and the blessing of growing weariness lies like God's boon upon you," he had confessed. But how do you keep fit? "On oat meal and fresh air, but sometimes to flee from familiar faces and surroundings, because one's mind has become like a bit of grass, too much trod on."

I HAD to go to Lossiemouth to behold a vision, the vision of democracy's triumph. "When I was walking back from kirk with Jimmie last Sunday morning," a schoolmaster said. "When he comes to see me every New Year's morning," a little woman recounted. I had made eyes, but the villagers confirmed me that every New Year's Day Mr. MacDonald "first foots," as it is called here, brings a first visit, to those of his friends and acquaintances who are older than himself. It does not matter that he is the highest Councilor of the Crown, and that they are humble folk of a forgotten port.

Sport in Winter—1933-34

Continued from page 56

ings—and sends its representatives to compete in foreign countries. German competitors have done well in the Olympics. The Fourth Olympic Winter Games will be held at Garmisch-Partenkirchen in February, 1936, at the foot of the Zugspitze, highest mountain in Germany.

The Bavarian Alps, of course, constitute the best known sport center. Here are innumerable popular resorts, of which Garmisch is perhaps the best known. Oberammergau, noted for its Passion Play, also figures when the snow flies. Northern Bavaria, the beautiful Black Forest, the Harz Mountains, Thuringia, Silesia and Saxony provide facilities. (The latter state even boasts of a district nicknamed "Saxon Switzerland.") The cradle of German skiing is said to be the Feldbergerhof, a mountain hotel in the Black Forest.

And so, warm-blooded snowbirds, strap on your ear-muffs, skis, and snow-shoes. Haul out your sleds, and skates, and

flexible flyers. Put on your woolly, wintry underwear, and hie ye forth—to Europe, to Asia, or to points north at home. Here is excitement, health, good fellowship; in short—the rugged spirit of the Great Outdoors.

By way of postscript, the *Junior League Magazine* outlines a wintersport weekend in the following optimistic (?) terms: "Not recommended if your nose has the unfortunate habit of turning purple at the first wintry blast. It requires a huge equipment, whether the scene be Lake Placid or the High Sierras. Skis, skates, and snow-shoes are *de rigueur*, with plenty of fetching costumes to match. It is suggested that a good orthopedic surgeon be included. After a glorious day in the open, with the thermometer touching twenty below, the roaring fire before which supper is served is a gorgeous climax, and sipping your hot toddy you can briefly forget your frost-bitten ear and chilblained feet." *Bob-sleds ahoy!* —R. S.

The March of Events

Continued from page 43

GOLD in the Bank of France shows a decrease for the eighth week (November 2). The Bank holds 81 billion francs in gold, against 83 billion on January 5.

GOLD in the Reichsbank continues its steady gain. On October 31 the German central bank reported 396 million gold marks, up from 189 million on June 30. A year earlier there were 817 million marks in gold coin and bullion; two years earlier, 1144 million.

PURCHASES of gold newly mined in the United States to November 1, by the Reconstruction Finance Corporation, amount to 66,000 ounces at an average of \$31.82 an ounce; total cost \$2,100,000. The price offered for gold November 9 reaches \$33.15, a new high, pushing the equivalent paper dollar down to 62.54 cents.

DEPRECIATION of the American dollar by the Administration at Washington causes a rise in the British pound sterling which brings its value in international exchange transactions (November 9) to \$5.15, the highest point since 1914. The French franc rises to 6.34 cents, a new high record.

Reemployment

Millions of men and women go back to work in a single half-year.

SECRETARY of Labor Frances Perkins states (October 17) that for the sixth consecutive month employment has risen; that 620,000 returned to work in September, a total gain of 2,700,000. The index of employment is now 73.9, having risen from a March low of 55.1 per cent of 1926 normal.

THAT unemployment has been reduced by 3,600,000 is the estimate of President William Green, of the American Federation of Labor (October 22). He lists 433,000 returning to work in April, 360,000 in May, 692,000 in June, 411,000 in July, 833,000 in August, and 871,000 in September. The last two months reflect shorter hours under NRA. Approximately 10,000,000 are still unemployed.

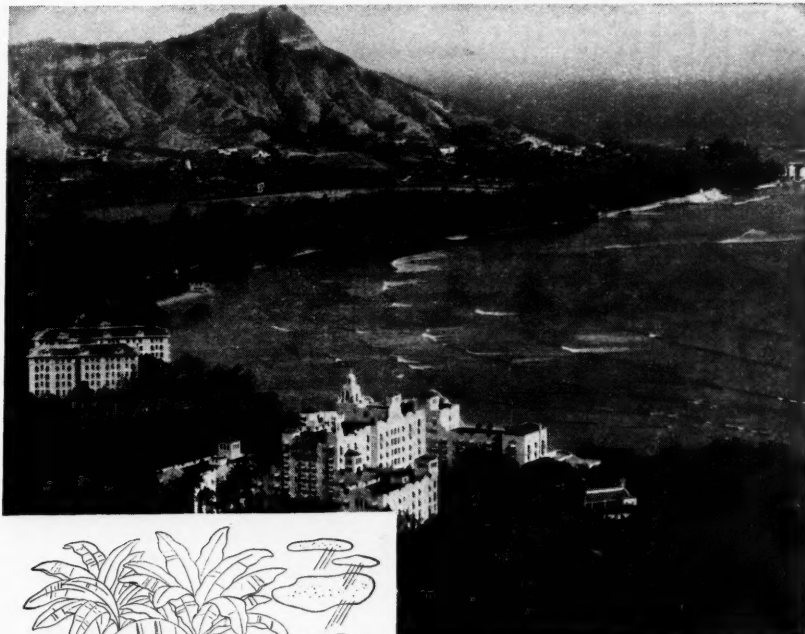
Recognition for Russia

President Roosevelt extends an olive branch, and it is promptly accepted.

PRESIDENT ROOSEVELT makes known (October 20) that he has invited President Kalinin of Russia to send a representative to Washington "to explore with me personally all questions outstanding between our countries". The invitation is accepted, and M. M. Litvinov, Soviet Minister of Foreign Affairs, is designated.

MAXIM LITVINOV arrives at New York (November 7), proceeds by train to Washington, and is immediately received by President Roosevelt at the White House. Subsequently conversations are held with Secretary Hull and other officials of the State Department.

A port in paradise



Honolulu's modern buildings, her splendid hotels and golf courses are not expected in the usual picture of a tropical paradise. Hawaii is very American in her luxuries. Yet . . . if you were in Hawaii tonight . . . standing watching the sea . . . you might swear that here is a paradise, a paradise of forgetfulness. No more than an evening breeze would see to that —with its potent mixture of the tang of the sea, the spice of ginger blossoms, the hushed heart-beat of native music. You wouldn't be able to remember the little cares and worries that you left back there on the mainland . . . away back there across the blue Pacific.

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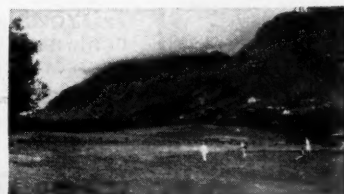
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Disarmament

A conference breaks up before it assembles, and agrees to meet later on.

THE BUREAU of steering committee of the Disarmament Conference at Geneva is addressed by Sir John Simon, British Foreign Secretary (October 14), two days in advance of the meeting of the "general commission". His statement—which the U. S. representative, Norman H. Davis, refers to as expressing common conclusions—proposes an initial period of four years and a total period of eight years at the end of which there would be "a substantial measure of disarmament". But the plan involves the principle that powers now disarmed by the peace treaty should not begin to increase their armaments forthwith. Germany would, however, be permitted to transform her army of 100,000 professionals into 200,000 compulsory militia.

GERMANY withdraws from the Disarmament Conference (October 14) because of the "unwillingness of the highly armed states to carry out their contractual obligations to disarm".

ADJOURNMENT until December 4—after the German election—is voted by the general commission of the Disarmament Conference at Geneva (October 26).

About Germany

The policies of Dictator Hitler induce an anti-German boycott and fear of another war. . . . Germany withdraws from the League.

A BOYCOTT of German-made goods is voted by the American Federation of Labor, with four million members (October 13), after an address by President William Green. He charges that the trade-union movement has been wiped out and its leaders persecuted by the Hitler dictatorship.

SWITZERLAND and Belgium on the same day (October 11) move to strengthen their defenses. In Switzerland, \$6,000,000 is voted by the National Council for arms and equipment after the War Minister refers to a German general-staff plan for invasion via Switzerland. In Belgium, the Ministerial Council instructs the War Minister to proceed with a fortifications plan, for submission to Parliament, which would cost \$157,000,000.

CHANCELLOR HITLER announces that his country "will give notice of its resignation from the League of Nations" and will leave the Disarmament Conference in session at Geneva (October 14), in protest against "humiliating and dishonoring demands" regarding equality in armaments. President Hindenburg, at the Chancellor's request, dissolves the Reichstag—which was only nominally in existence—and calls new elections for November 12.

France

Daladier out, Sarraut in . . . The trouble is over an honest budget.

PREMIER EDOUARD DALADIER of France resigns at 4 a. m. (October 24) following



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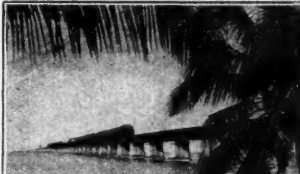
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